

Nominative Fair Use After *KP Permanent*

The desire to use another's trademark can be completely legitimate. Examples include the mechanic who wants to advertise that she specializes in repair of Volkswagen automobiles, the reseller of genuine goods bearing the original mark, or the advertiser using a term in its ordinary descriptive sense.

Following the seminal case of *Prestonettes, Inc. v. Coty*, 264 U.S. 359 (1924), courts have allowed "fair use" of another's trademark without the trademark owner's consent in appropriate circumstances. Two types of fair use have been identified: classic and nominative. "Classic" fair use, a statutory affirmative defense, requires that the disputed term be used: (a) not as a trademark; (b) in good faith; and (c) to describe accurately the characteristics of the defendant's goods or services.¹ "Nominative" fair use, a judicially created doctrine, exists in cases where the defendant uses the plaintiff's mark to identify and describe the plaintiff's product, and requires that: (a) the product or service is not readily identifiable without the use of the trademark; (b) only so much of the mark or marks may be used as is reasonably necessary; and (c) the user does nothing that would suggest sponsorship or endorsement by the trademark holder.² A key issue with both these defenses is whether proof of likelihood of confusion or its absence is required.

In *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, the Supreme Court held that a defendant alleging classic fair use need not show the absence of a likelihood of confusion.³ However, the *KP Permanent* decision does not explicitly address whether a defendant alleging *nominative* fair use needs to demonstrate that confusion is unlikely, leaving unresolved a split in the federal courts of appeal on the issue. Prior to the *KP Permanent* decision, the Ninth Circuit concluded that the nominative fair use analysis displaces the conventional likelihood of confusion analysis⁴, whereas the Fifth Circuit held that a nominative use must be one that does not cause confusion.⁵

In its recent decision *Century 21 Real Estate v. Lendingtree, Inc.*,⁶ the Third Circuit became the first federal appellate court to analyze the impact of *KP Permanent* on the relative burdens of proof in a case of nominative fair use. In *Century 21*, the defendant operated a website allowing consumers to compare real estate agents and mortgage providers. Real estate agents, including those affiliated with major companies like Century 21, could register with the defendant to be included in user inquiries. Defendant claimed in promotional materials to provide access to agents affiliated with a number of real estate companies, including Coldwell Banker and Century 21.

The *Century 21* court interpreted *KP Permanent* to require the plaintiff to always bear the burden of establishing likelihood of confusion.⁷ Accordingly, the *Century 21* majority endorsed a two-part test, consisting of a likelihood-of-confusion analysis followed by a three-prong nominative fair use test.⁸ The *Century 21* majority found that many factors traditionally considered in a likelihood of confusion analysis were irrelevant in cases of nominative fair use and that only four factors needed to be considered: (1) degree of consumer care; (2) length of time defendant has used plaintiff's mark without evidence of actual confusion; (3) intent of the defendant in adopting the mark; and (4) evidence of actual confusion.⁹ After weighing these

factors it was then necessary to consider whether the defendant's use is nominative fair use, by examining: (1) whether the "use of plaintiff's mark [is] necessary to describe [both] plaintiff's product or service and defendant's product or service," thus scrutinizing defendant's need to use plaintiff's mark to describe its own products; (2) whether defendant uses "only so much of the plaintiff's mark ... as is necessary to describe plaintiff's products or services;" and (3) whether "defendant's conduct or language reflect[s] the true and accurate relationship between plaintiff and defendant's products or services," because the defendant may have a relationship with plaintiff that may be inaccurately portrayed by defendant's use of plaintiff's marks.¹⁰ The court remanded to the district court for analysis of these factors.

The majority's analysis provoked a spirited dissent from Judge D. Michael Fisher, who found it erroneous to treat nominative fair use as an affirmative defense, rather than as a form of non-infringing use.¹¹ Judge Fisher observed that the majority's nominative fair use factors were nothing more than the mirror image of the intent factor in the modified likelihood of confusion analysis, because the purpose in using the mark, the prominence of that use, and whether the use accurately describes the relationship between the parties were all relevant to the question of whether confusion was likely.¹² Judge Fisher also criticized the majority's abbreviated likelihood of confusion test for impermissibly reducing the burden on the plaintiff, and recommended a more expansive test in nominative fair use contexts that would consider: (1) degree of consumer care; (2) length of time of defendant's use without evidence of actual confusion; (3) defendant's intent; (4) evidence of actual confusion; (5) channels of trade; (6) identity of targets of sales efforts; (7) relationship of the goods or services in the minds of consumers; and (8) other factors suggesting that consumers might expect the parties' respective goods to emanate from one source.¹³

The *Century 21* majority opinion and dissent present divergent views on nominative fair use, a divergence with real-world implications for those considering whether use of another party's trademark to refer to that party's products or services is permitted or not. It remains to be seen which interpretation is followed by the other federal courts of appeal, and whether the Supreme Court will feel compelled to clarify the impact, if any, of *KP Permanent* on the nominative fair use defense.

— Matthew A. Griffin

1. 15 U.S.C. §1115(b)(4).

2. The Ninth Circuit is generally given credit for having coined the term "nominative fair use." *New Kids on the Block v. News Am. Pub.*, 971 F.2d 302 (9th Cir. 1991). However, the doctrine is much older, having been recognized by the Supreme Court in *Prestonettes, Inc. v. Coty*, 264 U.S. 359 (1924).

3. *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 124 (2004).

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

5. *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F. 3d 526, 546 (5th Cir. 1998).

6. *Century 21 Real Estate v. Lendingtree, Inc.*, 425 F.3d 211 (3rd Cir. 2005)

7. *Id.* at 221.

8. *Id.* at 222.

9. *Id.* at 225-26.

10. *Id.* at 228.

11. *Id.* at 233.

12. *Id.* at 242.

13. *Id.* at 248-50.

Firm Update/Announcements

Partnership

Danielle B. Lemack ... has been named a partner in the Firm. **Danielle** concentrates her practice in the trade identity field, including trademark, copyright, unfair competition, advertising, and trade secret law and has worked with clients in a broad range of fields, including automotive, technology, travel, Internet, bio-chemical, pharmaceutical, beverage and toy companies.

Joseph N. Welch II ... was appointed Managing Partner of the Firm. **Joe** has made a significant contribution to the Firm's provision of services for many years. His expertise in intellectual property litigation and transactions includes e-commerce, trademark, copyright and advertising. A graduate of Northwestern Law School and Harvard College (cum laude), **Joe** joined the firm in 1984. In addition to being Managing Partner of the firm, **Joe** will continue in his many national and local chair positions for both bar and international trademark associations, as well as serving on the Trademark Public Advisory Committee to advise the U.S. Patent and Trademark Office on management issues.

New Associate

Jared Solovay ... has joined the firm as an associate. **Jared** received his J.D. from the University of California at Berkeley and his B.A., *magna cum laude*, from Columbia University. He will continue his practice in all aspects of trademark and copyright litigation, as well as trademark prosecution and client counseling.

Appointments

The nominating committee for the ABA's Section of Intellectual Property Law has recommended **Jonathan S. Jennings** for a four-year term on the Section's Leadership Council. **Jonathan** also was appointed by Marc S. Adler, President of the Intellectual Property Owners Association, to serve on the 2006 IPO Annual Meeting Program Committee. The 34th IPO Annual Meeting will be held in Chicago on September 10-12, 2006. Finally, **Jonathan** was appointed by the INTA North American Parallel Imports Subcommittee to lead a group of members to study and report on how to make the *Lever* Rule U.S. Customs' regulations a more effective weapon against the importation of unauthorized gray market goods.

Mark V.B. Partridge ... has been nominated as President Elect of the Illinois Chapter of the National Speakers Association and appointed to the Alternative Dispute Resolution Committee of the Intellectual Property Owner's Association (IPO).

Sanjiv D. Sarwate ... has been slated to serve a two year term as a Director of the Chicago Bar Association's 9000-member Young Lawyers' Section, beginning in the 2006-07 bar year. **Sanjiv** has also been appointed to the U.S. Trademark Law Committee of the Intellectual Property Owner's Association (IPO).

Robert W. Sacoff ... has been appointed Chair of the Nominating Committee of the American Bar Association Section of Intellectual Property Law for 2006-07.

Teresa D. Tambolas ... has been appointed to the INTA Parallel Imports Eastern Europe & Central Asia Subcommittee

Presentations

Phillip Barengolts ... spoke on "Trademark Maintenance and Responding to Cease and Desist Letters" at De Paul University Law School on January 26, 2006. This presentation was sponsored by the U.S. and International Trademark Committees of IPLAC.

Thad Chaloehtiarana ... was a guest lecturer on "Permitted and Fair Use" and "Trademark Licensing and Franchising" for the Trademarks and Unfair Competition class at Northwestern Law School last fall. **Thad** will be a speaker and moderator for a program at the American Bar Association's 21st Annual Intellectual Property Law Conference which will be held on April 6, 2006, in Arlington, Virginia. The title of the panel is "Grants, Restrictions, and Circumventions: Strategies for the Distribution and Use of Digital Content."

David C. Hilliard ... will be the featured speaker June 7, 2006, at the Thirty Fifth Anniversary of the Young Lawyers Section of the Chicago Bar Association.

Jonathan S. Jennings ... presented an update on both the pending Federal Dilution legislation and the PTO's Notice of Proposed Rulemaking regarding proposed changes to the TTAB procedure and discovery practice to the ABA's Section of Intellectual Property Law's Leadership Council at the ABA Midwinter Meeting on February 11, 2006, in Chicago. In February, **Jonathan** also helped to coach a student team from The John Marshall Law School competing in the Saul Lefkowitz moot court competition.

Mark V.B. Partridge ... spoke on "Alternative Dispute Resolution Issues" at the Illinois State Bar Association's Intellectual Property Section's legal education program on January 6, 2006, in Bloomington, Illinois and January 27, 2006, at the Illinois State Bar Association's Regional Office. **Mark** gave a presentation entitled "Intellectual Property Is Your Greatest Asset - Protect It, Use It or Lose It" at the National Speakers Association 2006 Educational Workshop on February 10-12, 2006, in Washington, D.C. **Mark** will be a coordinator for the Madrid Protocol and International Registrations program at the AIPLA Spring Meeting to be held in Chicago, Illinois, May 3-5, 2006.

Robert W. Sacoff ... will be speaking at the AIPLA Spring Meeting in Chicago, Illinois, May 3-5, 2006, on "The Madrid Link to the Community Trade Mark System." **Bob** will also speak on Trademark Surveys at the 40th AIPPI World Congress in Gothenburg, Sweden, from October 8-12, 2006.

Publications

Belinda J. Scrimenti ... authored a chapter on "State Law Remedies for Trademark Infringement and Unfair Competition" for the American Bar Association's book entitled *Trademark Infringement Remedies* published by BNA Books in February 2006.

Sanjiv D. Sarwate ... contributed the latest revision to the chapter on Illinois trademark law in the International Trademark Association's *State Trademark and Unfair Competition Law* treatise.

Noteworthy

Annie L. Albertson ... was awarded The Robert Bosch Foundation Fellowship for 2006-2007. **Annie** was selected out of a pool of 200+ applicants from all over the country and will join 19 other Fellows to live and work in Germany for one year. The program provides young American professionals with two high-level work placements in the federal government and private sector in Germany. Candidates are competitively chosen from the fields of business administration, economics, journalism, law, political science and public policy.

Raymond I. Geraldson, Jr., David C. Hilliard and **Robert M. Newbury** were recognized in *The Best Lawyers in America 2006*. "Best Lawyers" are determined after compiling confidential surveys and evaluations from their professional peers.

Raymond I. Geraldson, Jr., David C. Hilliard, Janet A. Marvel, Jeremiah D. McAuliffe, Mark V.B. Partridge, Robert W. Sacoff and **Joseph N. Welch II** have been recognized by *The International and U. S. Who's Who of Business Lawyers* as among the world's leading practitioners in the field of Intellectual Property Law. They were selected based upon an independent survey of general counsel and trademark lawyers in private practice worldwide.

Law & Politics recently selected **Brett A. August, Raymond I. Geraldson, Jr., David C. Hilliard, Robert M. Newbury, Mark V.B. Partridge** and **Joseph N. Welch II** as Illinois Super Lawyers in the field of Intellectual Property. Super Lawyers are outstanding attorneys in Illinois determined by ballots cast by active lawyers in Illinois who have been in practice for five years or more who nominate the best attorneys they have personally observed in action.

The **Pattishall** firm congratulates **Kevin T. Conroy**, a former partner in our firm, on his appointment as Chief Executive Officer and President of Third Wave Technologies Inc. **Kevin** joined Third Wave Technologies Inc. in July 2004 as vice president of legal affairs and became vice president and general counsel shortly thereafter. He was promoted to his new position in December 2005. While at the **Pattishall** firm **Kevin** counseled major corporations on intellectual property and transactional matters.