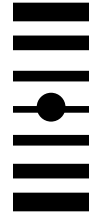


CHAPTER EIGHT

Defenses to Trademark Infringement: Fair & Nominative Use



We have already seen many of the internal limitations of trademark law. Its rights are constrained from their creation—ownership not of the word, or the image, but rather the word or image used in relationship to a particular good or service. They are constrained by the requirements of *use in commerce*, not only before the rights are obtained, but as a continuing requirement for the right to exist. They are constrained by the requirement of *use as a mark*—both that the signals must be deliberately sent by the producer *as trademarks*—not mottos or mission statements—and in the *distinctiveness*, acquired or inherent, perceived by the consumer. They are constrained by the limitations that trademarks can never be over *functional* features of the product; *Traffix* provides one obvious example, but so does the discussion in *Qualitex* of all the occasions on which color cannot be owned, such as green for farm equipment, given that fashion-conscious farmers may want their tractors to match. They are constrained by the limitation of *genericide*, or “genericity.” Even if the producer created an entirely new name—fanciful and arbitrary—that mark will be lost if it becomes the generic term for the goods or services involved. Finally, they are constrained by the reach—however indeterminate—of the requirements of the First Amendment, to allow speech and commentary about the mark, and of the requirements of efficient competitive consumer communication in the marketplace.

In this chapter, we focus on two particular defenses, fair use and nominative use, which reflect these limitations but also illustrate their operation in action, particularly in the context of new business models and new technologies such as the internet.

The first defense, “descriptive” or “classic” fair use, is laid out in the Lanham Act in § 1115(b), which describes limitations on the § 1065 “incontestability” of a mark that has been registered on the Principal Register for five years. (“Incontestable” could more accurately be described as “contestable for fewer reasons.”) But fair use has been judicially developed to be a more general limitation on trademarks, even if they are not registered or incontestable. From the language below, courts have extracted the following three-part test for descriptive fair use: the mark must be used (1) other than as a mark (i.e. not to identify the product’s source), (2) in a descriptive sense (though the mark does not have to *literally* describe the defendant’s product, it can instead describe an aspirational effect—both “Come on Strong” for menswear or “Seal it with a Kiss” for lipstick were found to be descriptive), and (3) in good faith.

1115(b) To the extent that the right to use the registered mark has become incontestable the registration shall be conclusive evidence of the registrant’s exclusive right to use the registered mark in commerce . . . subject to the following defenses. . . .

4.) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party’s individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin. . . .

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



Justice SOUTER delivered the opinion of the Court.

The question here is whether a party raising the statutory affirmative defense of fair use to a claim of trademark infringement, 15 U.S.C. § 1115(b)(4), has a burden to negate any likelihood that the practice complained of will confuse consumers about the origin of the goods or services affected. We hold it does not.

I

Each party to this case sells permanent makeup, a mixture of pigment and liquid for injection under the skin to camouflage injuries and modify nature's dispensations, and each has used some version of the term "micro color" (as one word or two, singular or plural) in marketing and selling its product. Petitioner KP Permanent Make-Up, Inc., claims to have used the single-word version since 1990 or 1991 on advertising flyers and since 1991 on pigment bottles. Respondents Lasting Impression I, Inc., and its licensee, MCN International, Inc. (Lasting, for simplicity), deny that KP began using the term that early, but we accept KP's allegation as true for present purposes; the District and Appeals Courts took it to be so, and the disputed facts do not matter to our resolution of the issue. In 1992, Lasting applied to the United States Patent and Trademark Office (PTO) under 15 U.S.C. § 1051 for registration of a trademark consisting of the words "Micro Colors" in white letters separated by a green bar within a black square. The PTO registered the mark to Lasting in 1993, and in 1999 the registration became incontestable. § 1065.

It was also in 1999 that KP produced a 10-page advertising brochure using "micro-color" in a large, stylized typeface, provoking Lasting to demand that KP stop using the term. Instead, KP sued Lasting in the Central District of California, seeking, on more than one ground, a declaratory judgment that its language infringed no such exclusive right as Lasting claimed. Lasting counterclaimed, alleging, among other things, that KP had infringed Lasting's "Micro Colors" trademark.

KP sought summary judgment on the infringement counterclaim, based on the statutory affirmative defense of fair use, 15 U.S.C. § 1115(b)(4). After finding that Lasting had conceded that KP used the term only to describe its goods and not as a mark, the District Court held that KP was acting fairly and in good faith because undisputed facts showed that KP had employed the term "microcolor" continuously from a time before Lasting adopted the two-word, plural variant as a mark. Without enquiring whether the practice was likely to cause confusion, the court concluded that KP had made out its affirmative defense under § 1115(b)(4).

On appeal, the Court of Appeals for the Ninth Circuit thought it was error for the District Court to have addressed the fair use defense without delving into the matter of possible confusion on the part of consumers about the origin of KP's goods. The reviewing court took the view that no use could be recognized as fair where any consumer confusion was probable, and although the court did not pointedly address the burden of proof, it appears to have placed it on KP to show absence of consumer confusion. We now vacate the judgment of the Court of Appeals.

II

A

The Trademark Act of 1946, known for its principal proponent as the Lanham Act,

60 Stat. 427, as amended, 15 U.S.C. § 1051 et seq., provides the user of a trade or service mark with the opportunity to register it with the PTO, §§ 1051, 1053. If the registrant then satisfies further conditions including continuous use for five consecutive years, “the right . . . to use such registered mark in commerce” to designate the origin of the goods specified in the registration “shall be incontestable” outside certain listed exceptions. § 1065.

The holder of a registered mark (incontestable or not) has a civil action against anyone employing an imitation of it in commerce when “such use is likely to cause confusion, or to cause mistake, or to deceive.” § 1114(1)(a). Although an incontestable registration is “conclusive evidence . . . of the registrant’s exclusive right to use the . . . mark in commerce,” § 1115(b), the plaintiff’s success is still subject to “proof of infringement as defined in section 1114.” And that, as just noted, requires a showing that the defendant’s actual practice is likely to produce confusion in the minds of consumers about the origin of the goods or services in question. This plaintiff’s burden has to be kept in mind when reading the relevant portion of the further provision for an affirmative defense of fair use, available to a party whose

“use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, . . . of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin. . . .” § 1115(b)(4).

Two points are evident. Section 1115(b) places a burden of proving likelihood of confusion (that is, infringement) on the party charging infringement even when relying on an incontestable registration. And Congress said nothing about likelihood of confusion in setting out the elements of the fair use defense in § 1115(b)(4).

Starting from these textual fixed points, it takes a long stretch to claim that a defense of fair use entails any burden to negate confusion. It is just not plausible that Congress would have used the descriptive phrase “likely to cause confusion, or to cause mistake, or to deceive” in § 1114 to describe the requirement that a markholder show likelihood of consumer confusion, but would have relied on the phrase “used fairly” in § 1115(b)(4) in a fit of terse drafting meant to place a defendant under a burden to negate confusion. . . .

Finally, a look at the typical course of litigation in an infringement action points up the incoherence of placing a burden to show nonconfusion on a defendant. If a plaintiff succeeds in making out a prima facie case of trademark infringement, including the element of likelihood of consumer confusion, the defendant may offer rebutting evidence to undercut the force of the plaintiff’s evidence on this (or any) element, or raise an affirmative defense to bar relief even if the prima facie case is sound, or do both. But it would make no sense to give the defendant a defense of showing affirmatively that the plaintiff cannot succeed in proving some element (like confusion); all the defendant needs to do is to leave the factfinder unpersuaded that the plaintiff has carried its own burden on that point. A defendant has no need of a court’s true belief when agnosticism will do. Put another way, it is only when a plaintiff has shown likely confusion by a preponderance of the evidence that a defendant could have any need of an affirmative defense, but under Lasting’s theory the defense would be foreclosed in such a case. “[I]t defies logic to argue that a defense may not be asserted in the only situation where it even becomes relevant.” *Shakespeare Co. v. Silstar Corp.* Nor would it make sense to provide an affirmative defense of no confusion plus good faith, when merely rebutting the plaintiff’s case on confusion would entitle the defendant to judgment, good faith or not. . . .

Since the burden of proving likelihood of confusion rests with the plaintiff, and the fair use defendant has no free-standing need to show confusion unlikely, it follows (contrary to the Court of Appeals’s view) that some possibility of consumer confusion must be

compatible with fair use, and so it is. The common law's tolerance of a certain degree of confusion on the part of consumers 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. The Lanham Act adopts a similar leniency, there being no indication that the statute was meant to deprive commercial speakers of the ordinary utility of descriptive words. "If any confusion results, that is a risk the plaintiff accepted when it decided to identify its product with a mark that uses a well known descriptive phrase." *Cosmetically Sealed Industries, Inc. v. Chesebrough-Pond's USA Co.* See also *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.* (1985) (noting safeguards in Lanham Act to prevent commercial monopolization of language); *Car-Freshner Corp. v. S.C. Johnson & Son, Inc.* (2d Cir. 1995) (noting importance of "protect[ing] the right of society at large to use words or images in their primary descriptive sense"). This right to describe is the reason that descriptive terms qualify for registration as trademarks only after taking on secondary meaning as "distinctive of the applicant's goods," 15 U.S.C. § 1052(f), with the registrant getting an exclusive right not in the original, descriptive sense, but only in the secondary one associated with the markholder's goods. . . .

III

In sum, a plaintiff claiming infringement of an incontestable mark must show likelihood of consumer confusion as part of the prima facie case, 15 U.S.C. § 1115(b), while the defendant has no independent burden to negate the likelihood of any confusion in raising the affirmative defense that a term is used descriptively, not as a mark, fairly, and in good faith, § 1115(b)(4).

Because we read the Court of Appeals as requiring KP to shoulder a burden on the issue of confusion, we vacate the judgment and remand the case for further proceedings consistent with this opinion. It is so ordered.

Questions:

1.) The Ninth Circuit thought that the fair use defense was subject to the limitation that the defendant must show that the use is not likely to confuse the consuming public. It would seem they have a strong argument on their side. Is the purpose of trademark law not to avoid the likelihood of consumer confusion? Why does the Supreme Court disagree?

2.) In intellectual property, as elsewhere in the law, burdens of proof are all important, and the way they are set up can tell us much about the goals of the statutory scheme. Explain what the Court means when it says:

Put another way, it is only when a plaintiff has shown likely confusion by a preponderance of the evidence that a defendant could have any need of an affirmative defense, but under Lesting's theory the defense would be foreclosed in such a case.

3.) You may recall that the *Abercrombie* case from Chapter 5 ultimately concluded that, even though Abercrombie had a valid trademark in "safari" for boots, Hunting World's use of "Camel Safari" "Hippo Safari" and "Safari Chukka" for boots from Africa was a descriptive fair use "to apprise the public of the type of product by referring to its origin and use." Another oft-cited example is Ocean Spray's use of "sweet-tart" to describe the taste of its cranberry juice—because this was a fair use, it did not infringe the "Sweetarts" mark for candy. *Sunmark v. Ocean Spray Cranberries* (7th Cir. 1995).

New Kids on the Block v. New America Pub., Inc.
971 F.2d 302 (9th Cir. 1992)



KOZINSKI, Circuit Judge.

The individual plaintiffs perform professionally as The New Kids on the Block, reputedly one of today's hottest musical acts. This case requires us to weigh their rights in that name against the rights of others to use it in identifying the New Kids as the subjects of public opinion polls.

Background

No longer are entertainers limited to their craft in marketing themselves to the public. This is the age of the multi-media publicity blitzkrieg: Trading on their popularity, many entertainers hawk posters, T-shirts, badges, coffee mugs and the like—handsomely supplementing their incomes while boosting their public images. The New Kids are no exception; the record in this case indicates there are more than 500 products or services bearing the New Kids trademark. Among these are services taking advantage of a recent development in telecommunications: 900 area code numbers, where the caller is charged a fee, a portion of which is paid to the call recipient. Fans can call various New Kids 900 numbers to listen to the New Kids talk about themselves, to listen to other fans talk about the New Kids, or to leave messages for the New Kids and other fans.

The defendants, two newspapers of national circulation, conducted separate polls of their readers seeking an answer to a pressing question: Which one of the New Kids is the most popular? USA Today's announcement contained a picture of the New Kids and asked, "Who's the best on the block?" The announcement listed a 900 number for voting, noted that "any USA Today profits from this phone line will go to charity," and closed with the following:

New Kids on the Block are pop's hottest group. Which of the five is your fave? Or are they a turn off? . . . Each call costs 50 cents. Results in Friday's Life section.

WHO'S THE BEST ON THE BLOCK
New Kids on the Block are pop's hottest group. Which of the five is your fave? Or are they a turn off?
Kids: Tell your parents you're calling
1-900-420-2030
Lines will be open from 6 a.m. EST/ 3 a.m. PST to midnight EST/9 p.m. PST today only. Each call costs 50 cents. Results in Friday's Life section.
Any USA TODAY profits from this phone line will go to charity.

The No. 1 Kid
HER TOPS: Joe McIntyre wins New Kids call-in.
Callers pick fave

The USA Today poll and winner

The Star's announcement, under a picture of the New Kids, went to the heart of the matter: "Now which kid is the sexiest?" The announcement, which appeared in the middle of a page containing a story on a New Kids concert, also stated:

Which of the New Kids on the Block would you most like to move next door? STAR wants to know which cool New Kid is the hottest with our readers.

Readers were directed to a 900 number to register their votes; each call cost 95 cents per minute.

Fearing that the two newspapers were undermining their hegemony over their fans, the New Kids filed a shotgun complaint in federal court raising no fewer than ten claims: (1) common law trademark infringement; (2) Lanham Act false advertising; (3) Lanham Act false designation of origin; (4) Lanham Act unfair competition; (5) state trade name infringement; (6) state false advertising; (7) state unfair competition; (8) commercial misappropriation; (9) common-law misappropriation; and (10) intentional interference with prospective economic advantage. The two papers raised the First Amendment as a defense, on the theory that the polls were part and parcel of their “news-gathering activities.” The district court granted summary judgment for defendants.

Discussion

. . . [W]e consider first whether the New Kids have stated viable claims on their various causes of action.

I

A. Since at least the middle ages, trademarks have served primarily to identify the source of goods and services, “to facilitate the tracing of ‘false’ or defective wares and the punishment of the offending craftsman.” F. Schechter, *The Historical Foundations of the Law Relating to Trademarks* 47 (1925). . . . Throughout the development of trademark law, the purpose of trademarks remained constant and limited: Identification of the manufacturer or sponsor of a good or the provider of a service. And the wrong protected against was traditionally equally limited: Preventing producers from free-riding on their rivals’ marks. . . . The core protection of the Lanham Act remains faithful to this conception. . . .

A trademark is a limited property right in a particular word, phrase or symbol. And although English is a language rich in imagery, we need not belabor the point that some words, phrases or symbols better convey their intended meanings than others. See *San Francisco Arts & Athletics, Inc. v. U.S.O.C.* (1987) (Brennan, J., dissenting) (“[A] jacket reading ‘I Strongly Resent the Draft’ would not have conveyed Cohen’s message.”). Indeed, the primary cost of recognizing property rights in trademarks is the removal of words from (or perhaps non-entrance into) our language. Thus, the holder of a trademark will be denied protection if it is (or becomes) generic, i.e., if it does not relate exclusively to the trademark owner’s product. See, e.g., *Kellogg Co. v. National Biscuit Co.* (1938) (“shredded wheat”); *Eastern Air Lines, Inc. v. New York Air Lines, Inc.* (S.D.N.Y. 1983) (“air-shuttle” to describe hourly plane service). This requirement allays fears that producers will deplete the stock of useful words by asserting exclusive rights in them. When a trademark comes to describe a class of goods rather than an individual product, the courts will hold as a matter of law that use of that mark does not imply sponsorship or endorsement of the product by the original holder.

A related problem arises when a trademark also describes a person, a place or an attribute of a product. If the trademark holder were allowed exclusive rights in such use, the language would be depleted in much the same way as if generic words were protectable. Thus trademark law recognizes a defense where the mark is used only “to describe the goods or services of [a] party, or their geographic origin.” 15 U.S.C. § 1115(b)(4). “The ‘fair-use’ defense, in essence, forbids a trademark registrant to appropriate a descriptive term for his exclusive use and so prevent others from accurately describing a characteristic of their goods.” *Soweco, Inc. v. Shell Oil Co.* (5th Cir. 1980). Once again, the courts will hold as a matter of law that the original producer does not sponsor or endorse another product that

uses his mark in a descriptive manner. See, e.g., *Schmid Laboratories v. Youngs Drug Products Corp.* (D.N.J. 1979) (“ribbed” condoms).

With many well-known trademarks, such as Jell-O, Scotch tape and Kleenex, there are equally informative non-trademark words describing the products (gelatin, cellophane tape and facial tissue). But sometimes there is no descriptive substitute, and a problem closely related to genericity and descriptiveness is presented when many goods and services are effectively identifiable only by their trademarks. For example, one might refer to “the two-time world champions” or “the professional basketball team from Chicago,” but it’s far simpler (and more likely to be understood) to refer to the Chicago Bulls. In such cases, use of the trademark does not imply sponsorship or endorsement of the product because the mark is used only to describe the thing, rather than to identify its source.

Indeed, it is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference or any other such purpose without using the mark. For example, reference to a large automobile manufacturer based in Michigan would not differentiate among the Big Three; reference to a large Japanese manufacturer of home electronics would narrow the field to a dozen or more companies. Much useful social and commercial discourse would be all but impossible if speakers were under threat of an infringement lawsuit every time they made reference to a person, company or product by using its trademark.

A good example of this is *Volkswagenwerk Aktiengesellschaft v. Church* (9th Cir. 1969), where we held that Volkswagen could not prevent an automobile repair shop from using its mark. We recognized that in “advertising [the repair of Volkswagens, it] would be difficult, if not impossible, for [Church] to avoid altogether the use of the word ‘Volkswagen’ or its abbreviation ‘VW,’ which are the normal terms which, to the public at large, signify appellant’s cars.” Church did not suggest to customers that he was part of the Volkswagen organization or that his repair shop was sponsored or authorized by VW; he merely used the words “Volkswagen” and “VW” to convey information about the types of cars he repaired. Therefore, his use of the Volkswagen trademark was not an infringing use.

The First Circuit confronted a similar problem when the holder of the trademark “Boston Marathon” tried to stop a television station from using the name:

The words “Boston Marathon” . . . do more than call attention to Channel 5’s program; they also describe the event that Channel 5 will broadcast. Common sense suggests (consistent with the record here) that a viewer who sees those words flash upon the screen will believe simply that Channel 5 will show, or is showing, or has shown, the marathon, not that Channel 5 has some special approval from the [trademark holder] to do so. In technical trademark jargon, the use of words for descriptive purposes is called a “fair use,” and the law usually permits it even if the words themselves also constitute a trademark.

WCVB-TV v. Boston Athletic Ass’n (1st Cir. 1991). Similarly, competitors may use a rival’s trademark in advertising and other channels of communication if the use is not false or misleading. See, e.g., *Smith v. Chanel, Inc.* (9th Cir. 1968) (maker of imitation perfume may use original’s trademark in promoting product).

Cases like these are best understood as involving a non-trademark use of a mark—a use to which the infringement laws simply do not apply, just as videotaping television shows for private home use does not implicate the copyright holder’s exclusive right to reproduction. See *Sony Corp. v. Universal City Studios, Inc.* (1984). Indeed, we may generalize a class of cases where the use of the trademark does not attempt to capitalize on consumer confusion or to appropriate the cachet of one product for a different one.

Such nominative use of a mark—where the only word reasonably available to describe a particular thing is pressed into service—lies outside the strictures of trademark law: Because it does not implicate the source-identification function that is the purpose of trademark, it does not constitute unfair competition; such use is fair because it does not imply sponsorship or endorsement by the trademark holder.

To be sure, this is not the classic fair use case where the defendant has used the plaintiff's mark to describe the defendant's own product. Here, the New Kids trademark is used to refer to the New Kids themselves. We therefore do not purport to alter the test applicable in the paradigmatic fair use case. If the defendant's use of the plaintiff's trademark refers to something other than the plaintiff's product, the traditional fair use inquiry will continue to govern. But, where the defendant uses a trademark to describe the plaintiff's product, rather than its own, we hold that a commercial user is entitled to a nominative fair use defense provided he meets the following three requirements: First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder. . . .

The New Kids argue that, even if the newspapers are entitled to a nominative fair use defense for the announcements, they are not entitled to it for the polls themselves, which were money-making enterprises separate and apart from the newspapers' reporting businesses. According to plaintiffs, defendants could have minimized the intrusion into their rights by using an 800 number or asking readers to call in on normal telephone lines which would not have resulted in a profit to the newspapers based on the conduct of the polls themselves.

The New Kids see this as a crucial difference, distinguishing this case from *Volkswagenwerk, WCBV-TV* and other nominative use cases. The New Kids' argument in support of this distinction is not entirely implausible: They point out that their fans, like everyone else, have limited resources. Thus a dollar spent calling the newspapers' 900 lines to express loyalty to the New Kids may well be a dollar not spent on New Kids products and services, including the New Kids' own 900 numbers. In short, plaintiffs argue that a nominative fair use defense is inapplicable where the use in question competes directly with that of the trademark holder.

We reject this argument. While the New Kids have a limited property right in their name, that right does not entitle them to control their fans' use of their own money. Where, as here, the use does not imply sponsorship or endorsement, the fact that it is carried on for profit and in competition with the trademark holder's business is beside the point. Voting for their favorite New Kid may be, as plaintiffs point out, a way for fans to articulate their loyalty to the group, and this may diminish the resources available for products and services they sponsor. But the trademark laws do not give the New Kids the right to channel their fans' enthusiasm (and dollars) only into items licensed or authorized by them. See *International Order of Job's Daughters v. Lindeburg & Co.* (9th Cir. 1990) (no infringement where unauthorized jewelry maker produced rings and pins bearing fraternal organization's trademark). The New Kids could not use the trademark laws to prevent the publication of an unauthorized group biography or to censor all parodies or satires which use their name. We fail to see a material difference between these examples and the use here.

Summary judgment was proper as to the first seven causes of action because they all hinge on a theory of implied endorsement; there was none here as the uses in question were purely nominative.

Questions:

- 1.) Is anything more reflective of life's ephemeral nature, its transitory enthusiasms, its fleeting follies than . . . yesterday's embarrassing boy band? (Not for credit.)
- 2.) What is the key difference between the situations in *K.P. Makeup* and *New Kids*? Is this the same defense? Reflective of the same policies?
- 3.) The band argues, probably correctly, that in the 1-900 number polls they set up, the newspapers are deliberately exploiting the consumer goodwill and strength of name recognition of the band. They are reaping where they have not sown, intentionally profiting from a positive externality (consumer goodwill and brand recognition) created by another. Under the broader vision of trademark discussed in the last chapter, this is exactly what trademark is designed to prevent. Yet Judge Kozinski resolutely says such uses are allowed. Why? What analogies does he use—actions we clearly wish to allow—to show the undesirability of a more expansive conception of the reach of trademark law?
- 4.) How does the following passage from the case fit with the views put forward by Pitney in *INS*? With the *Lois* jeans court's vision of "room to expand the brand"?

While the New Kids have a limited property right in their name, that right does not entitle them to control their fans' use of their own money. Where, as here, the use does not imply sponsorship or endorsement, the fact that it is carried on for profit and in competition with the trademark holder's business is beside the point. Voting for their favorite New Kid may be, as plaintiffs point out, a way for fans to articulate their loyalty to the group, and this may diminish the resources available for products and services they sponsor. But the trademark laws do not give the New Kids the right to channel their fans' enthusiasm (and dollars) only into items licensed or authorized by them.

What distinctions might Kozinski offer to explain the difference between those situations and this one?

Mattel Inc. v. Walking Mountain Productions

353 F.3d 792 (9th Cir. 2003)



PREGERSON, Circuit Judge.

In the action before us, Plaintiff Mattel Corporation asks us to prohibit Defendant artist Thomas Forsythe from producing and selling photographs containing Mattel's "Barbie" doll. Most of Forsythe's photos portray a nude Barbie in danger of being attacked by vintage household appliances. Mattel argues that his photos infringe on their copyrights, trademarks, and trade dress. We have jurisdiction pursuant to 28 U.S.C. § 1291 and affirm the district court's grant of summary judgment to Forsythe.

BACKGROUND

Thomas Forsythe, aka "Walking Mountain Productions," is a self-taught photographer who resides in Kanab, Utah. He produces photographs with social and political overtones. In 1997, Forsythe developed a series of 78 photographs entitled

“Food Chain Barbie,” in which he depicted Barbie in various absurd and often sexualized positions. Forsythe uses the word “Barbie” in some of the titles of his works. While his works vary, Forsythe generally depicts one or more nude Barbie dolls juxtaposed with vintage kitchen appliances. For example, “Malted Barbie” features a nude Barbie placed on a vintage Hamilton Beach malt machine. “Fondue a la Barbie” depicts Barbie heads in a fondue pot. “Barbie Enchiladas” depicts four Barbie dolls wrapped in tortillas and covered with salsa in a casserole dish in a lit oven.

In his declaration in support of his motion for summary judgment, Forsythe describes the message behind his photographic series as an attempt to “critique[] the objectification of women associated with [Barbie], and [][to] lambast[] the conventional beauty myth and the societal acceptance of women as objects because this is what Barbie embodies.” He explains that he chose to parody Barbie in his photographs because he believes that “Barbie is the most enduring of those products that feed on the insecurities of our beauty and perfection-obsessed consumer culture.” Forsythe claims that, throughout his series of photographs, he attempts to communicate, through artistic expression, his serious message with an element of humor. . . .



Tom Forsythe, Food Chain Barbie (1999). Image from the Univ. of Iowa Interventionist Collage exhibit.

On August 22, 2001, the Los Angeles federal district court granted Forsythe’s motion for summary judgment. . . . The court found that Forsythe’s use of Mattel’s trademark and trade dress caused no likelihood of confusion as to Mattel’s sponsorship of Forsythe’s works. The court dismissed Mattel’s trademark dilution claim because it found that Forsythe’s use had been “noncommercial.” . . .

Mattel appeals the Los Angeles federal district court's grant of summary judgment in favor of Forsythe on the trademark, copyright, and state law claims. Mattel also appeals the Los Angeles federal district court's dismissal of its false advertising claim. . . .

We now address whether the district court erred in granting summary judgment in favor of Forsythe on Mattel's claims of trademark and trade dress infringement and dilution. . . .

A. Trademark

As we recently recognized in *MCA*, . . . when marks “transcend their identifying purpose” and “enter public discourse and become an integral part of our vocabulary,” they “assume[] a role outside the bounds of trademark law.” Where a mark assumes such cultural significance, First Amendment protections come into play. In these situations, “the trademark owner does not have the right to control public discourse whenever the public imbues his mark with a meaning beyond its source-identifying function.” See also *New Kids on the Block v. News Am. Publ'g Inc.* (9th Cir. 1992).

As we determined in *MCA*, Mattel's “Barbie” mark has taken on such a role in our culture. In *MCA*, Mattel brought an identical claim against MCA Records, producers of a song entitled “Barbie Girl” that contained lyrics that parodied and mocked Barbie. Recognizing that First Amendment concerns in free expression are particularly present in the realm of artistic works, we rejected Mattel's claim. In doing so, we adopted the Second Circuit's First Amendment balancing test for applying the Lanham Act to titles of artistic works as set forth in *Rogers v. Grimaldi* (2d Cir. 1989). The *Rogers* balancing test requires courts to construe the Lanham Act “to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.” *Rogers*. Accordingly, the *Rogers* test prohibits application of the Lanham Act to titles of artistic works unless the title “has no artistic relevance to the underlying work whatsoever or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.”

Application of the *Rogers* test here leads to the same result as it did in *MCA*. Forsythe's use of the Barbie mark is clearly relevant to his work. . . . Accordingly, the public interest in free and artistic expression greatly outweighs its interest in potential consumer confusion about Mattel's sponsorship of Forsythe's works.

B. Trade dress

Mattel also claims that Forsythe misappropriated its trade dress in Barbie's appearance, in violation of the Lanham Act, 15 U.S.C. § 1125. Mattel claims that it possesses a trade dress in the Superstar Barbie head and the doll's overall appearance. The district court concluded that there was no likelihood that the public would be misled into believing that Mattel endorsed Forsythe's photographs despite Forsythe's use of the Barbie figure.

Arguably, the Barbie trade dress also plays a role in our culture similar to the role played by the Barbie trademark—namely, symbolization of an unattainable ideal of femininity for some women. Forsythe's use of the Barbie trade dress, therefore, presumably would present First Amendment concerns similar to those that made us reluctant to apply the Lanham Act as a bar to the artistic uses of Mattel's Barbie trademark in both *MCA* and this case. But we need not decide how the *MCA/Rogers* First Amendment balancing might apply to Forsythe's use of the Barbie trade dress because we find, on a narrower ground, that it qualifies as nominative fair use. In the trademark context, we recently held that a defendant's use is classic fair use where “a defendant has used the plaintiff's mark *only* to describe his own product, *and not at all to describe the plaintiff's product.*” *Cairns* (emphasis in original). In contrast, a defendant's use of a

plaintiff's mark is nominative where he or she "used the plaintiff's mark to describe the plaintiff's product, *even if the defendant's ultimate goal is to describe his own product.*" *Cairns* (emphasis in original). The goal of a nominative use is generally for the "purposes of comparison, criticism [or] point of reference." *New Kids on the Block*. These two mutually exclusive forms of fair use are equally applicable here in the trade dress context.

Applying these fair use standards to the trade dress context, we hold that a defendant's use is classic fair use where the defendant has used the plaintiff's dress to describe or identify the defendant's own product and not at all to describe or identify the plaintiff's product. Likewise, a defendant's use is nominative where he or she used the plaintiff's dress to describe or identify the plaintiff's product, even if the defendant's ultimate goal is to describe or identify his or her own product.

Forsythe's use of the Barbie trade dress is nominative. Forsythe used Mattel's Barbie figure and head in his works to conjure up associations of Mattel, while at the same time to identify his own work, which is a criticism and parody of Barbie. See *Cairns*. Where use of the trade dress or mark is grounded in the defendant's desire to refer to the plaintiff's product as a point of reference for defendant's own work, a use is nominative.

Fair use may be either nominative or classic. We recognize a fair use defense in claims brought under § 1125 where the use of the trademark "does not imply sponsorship or endorsement of the product because the mark is used only to describe the thing, rather than to identify its source." *New Kids on the Block*. Thus, we recently reiterated that, in the trademark context, nominative use becomes nominative fair use when a defendant proves three elements:

First, the plaintiff's product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the plaintiff's product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder. . . .

We hold that Forsythe's use of Mattel's Barbie qualifies as nominative fair use. All three elements weigh in favor of Forsythe. Barbie would not be readily identifiable in a photographic work without use of the Barbie likeness and figure. Forsythe used only so much as was necessary to make his parodic use of Barbie readily identifiable, and it is highly unlikely that any reasonable consumer would have believed that Mattel sponsored or was affiliated with his work. The district court's grant of summary judgment to Forsythe on Mattel's trade dress infringement claim was, therefore, proper.

C. Dilution

Mattel also appeals the district court's grant of summary judgment on its trademark and dress dilution claims. The district court found that Forsythe was entitled to summary judgment because his use of the Barbie mark and trade dress was parody and thus "his expression is a non-commercial use."

Dilution may occur where use of a trademark "whittle[s] away . . . the value of a trademark" by "blurring their uniqueness and singularity" or by "tarnishing them with negative associations." *MCA*. However, "[t]arnishment caused merely by an editorial or artistic parody which satirizes plaintiff's product or its image is not actionable under an anti-dilution statute because of the free speech protections of the First Amendment. . . ." 4 McCarthy, § 24:105. A dilution action only applies to purely commercial speech. Parody is a form of noncommercial expression if it does more than propose a commercial

transaction. Under *MCA*, Forsythe’s artistic and parodic work is considered noncommercial speech and, therefore, not subject to a trademark dilution claim.

We reject Mattel’s Lanham Act claims and affirm the district court’s grant of summary judgment in favor of Forsythe. Mattel cannot use “trademark laws to . . . censor all parodies or satires which use [its] name” or dress. *New Kids on the Block*.

Question:

1.) The *Mattel* court says, helpfully for the purposes of this chapter,

In the trademark context, we recently held that a defendant’s use is classic fair use where “a defendant has used the plaintiff’s mark *only* to describe his own product, *and not at all to describe the plaintiff’s product.*” *Cairns* (emphasis in original). In contrast, a defendant’s use of a plaintiff’s mark is nominative where he or she “used the plaintiff’s mark to describe the plaintiff’s product, *even if the defendant’s ultimate goal is to describe his own product.*” *Cairns* (emphasis in original). The goal of a nominative use is generally for the “purposes of comparison, criticism [or] point of reference.” *New Kids on the Block*. These two mutually exclusive forms of fair use are equally applicable here in the trade dress context.

Give examples, not from our reading, of both fair and nominative use. Are they really mutually exclusive? How would you classify this imaginary advertisement for Tesla electric cars? “Tesla: the style of a Ferrari for someone with Prius values.” Does it qualify for either defense? Does it violate 1125(a)?

Playboy Enterprises, Inc. v. Welles

279 F.3d 796 (9th Cir. 2002)



T.G. NELSON, Circuit Judge.

Playboy Enterprises, Inc. (PEI), appeals the district court’s grant of summary judgment as to its claims of trademark infringement, unfair competition, and breach of contract against Terri Welles. . . .

I. Background

Terri Welles was on the cover of *Playboy* in 1981 and was chosen to be the *Playboy* Playmate of the Year for 1981. Her use of the title “*Playboy* Playmate of

the Year 1981,” and her use of other trademarked terms on her website are at issue in this suit. During the relevant time period, Welles’ website offered information about and free photos of Welles, advertised photos for sale, advertised memberships in her photo club, and promoted her services as a spokesperson. A biographical section described Welles’ selection as Playmate of the Year in 1981 and her years modeling for PEI. After the lawsuit began, Welles included discussions of the suit and criticism of PEI on her website and included a note disclaiming any association with PEI.

PEI complains of four different uses of its trademarked terms on Welles' website: (1) the terms "Playboy" and "Playmate" in the metatags of the website; (2) the phrase "Playmate of the Year 1981" on the masthead of the website; (3) the phrases "Playboy Playmate of the Year 1981" and "Playmate of the Year 1981" on various banner ads, which may be transferred to other websites; and (4) the repeated use of the abbreviation "PMOY '81" as the watermark on the pages of the website. PEI claimed that these uses of its marks constituted trademark infringement, dilution, false designation of origin, and unfair competition. The district court granted defendants' motion for summary judgment. PEI appeals the grant of summary judgment on its infringement and dilution claims. We affirm in part and reverse in part.

Discussion

A. Trademark Infringement

Except for the use of PEI's protected terms in the wallpaper of Welles' website, we conclude that Welles' uses of PEI's trademarks are permissible, nominative uses. They imply no current sponsorship or endorsement by PEI. Instead, they serve to identify Welles as a past PEI "Playmate of the Year."

We articulated the test for a permissible, nominative use in *New Kids On The Block v. New America Publishing, Inc.* . . . Unlike a traditional fair use scenario, the defendant newspaper was using the trademarked term to describe not its own product, but the plaintiff's. Thus, the factors used to evaluate fair use were inapplicable. The use was nonetheless permissible, we concluded, based on its nominative nature.

We adopted the following test for nominative use:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

We noted in *New Kids* that a nominative use may also be a commercial one.

In cases in which the defendant raises a nominative use defense, the above three-factor test should be applied instead of the test for likelihood of confusion set forth in *Sleekcraft*. The three-factor test better evaluates the likelihood of confusion in nominative use cases. When a defendant uses a trademark nominally, the trademark will be identical to the plaintiff's mark, at least in terms of the words in question. Thus, application of the *Sleekcraft* test, which focuses on the similarity of the mark used by the plaintiff and the defendant, would lead to the incorrect conclusion that virtually all nominative uses are confusing. The three-factor test—with its requirements that the defendant use marks only when no descriptive substitute exists, use no more of the mark than necessary, and do nothing to suggest sponsorship or endorsement by the mark holder—better addresses concerns regarding the likelihood of confusion in nominative use cases.

1. Headlines and banner advertisements.

To satisfy the first part of the test for nominative use, "the product or service in question must be one not readily identifiable without use of the trademark[.]" This situation arises "when a trademark also describes a person, a place or an attribute of a product" and there is no descriptive substitute for the trademark. In such a circumstance, allowing the trademark holder exclusive rights would allow the language to "be depleted in much the same way as if generic words were protectable." In *New Kids*, we gave the example of the

trademarked term, “Chicago Bulls.” We explained that “one might refer to the ‘two-time world champions’ or ‘the professional basketball team from Chicago,’ but it’s far simpler (and more likely to be understood) to refer to the Chicago Bulls.” Moreover, such a use of the trademark would “not imply sponsorship or endorsement of the product because the mark is used only to describe the thing, rather than to identify its source.” Thus, we concluded, such uses must be excepted from trademark infringement law.

The district court properly identified Welles’ situation as one which must also be excepted. No descriptive substitute exists for PEI’s trademarks in this context. The court explained:

[T]here is no other way that Ms. Welles can identify or describe herself and her services without venturing into absurd descriptive phrases. To describe herself as the “nude model selected by Mr. Hefner’s magazine as its number-one prototypical woman for the year 1981” would be impractical as well as ineffectual in identifying Terri Welles to the public.

We agree. . . .

The second part of the nominative use test requires that “only so much of the mark or marks may be used as is reasonably necessary to identify the product or service.” Welles’ banner advertisements and headlines satisfy this element because they use only the trademarked words, not the font or symbols associated with the trademarks.

The third element requires that the user do “nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.” Welles does nothing in conjunction with her use of the marks to suggest sponsorship or endorsement by PEI. The marks are clearly used to describe the title she received from PEI in 1981, a title that helps describe who she is. In addition to doing nothing in conjunction with her use of the marks to suggest sponsorship or endorsement by PEI, Welles affirmatively disavows any sponsorship or endorsement. Her site contains a clear statement disclaiming any connection to PEI. Moreover, the text of the site describes her ongoing legal battles with the company.

For the foregoing reasons, we conclude that Welles’ use of PEI’s marks in her headlines and banner advertisements is a nominative use excepted from the law of trademark infringement.

2. Metatags.

Welles includes the terms “playboy” and “playmate” in her metatags. Metatags describe the contents of a website using keywords. Some search engines search metatags to identify websites relevant to a search. Thus, when an internet searcher enters “playboy” or “playmate” into a search engine that uses metatags, the results will include Welles’ site. Because Welles’ metatags do not repeat the terms extensively, her site will not be at the top of the list of search results. Applying the three-factor test for nominative use, we conclude that the use of the trademarked terms in Welles’ metatags is nominative. As we discussed above with regard to the headlines and banner advertisements, Welles has no practical way of describing herself without using trademarked terms. In the context of metatags, we conclude that she has no practical way of identifying the content of her website without referring to PEI’s trademarks. A large portion of Welles’ website discusses her association with Playboy over the years. Thus, the trademarked terms accurately describe the contents of Welles’ website, in addition to describing Welles. Forcing Welles and others to use absurd turns of phrase in their metatags, such as those necessary to identify Welles, would be particularly damaging in the internet search context. Searchers would have a much more difficult time locating relevant websites if they could do so only by correctly guessing the long phrases necessary to substitute for trademarks. We can hardly expect someone

searching for Welles' site to imagine the same phrase proposed by the district court to describe Welles without referring to Playboy—"the nude model selected by Mr. Hefner's organization. . . ." Yet if someone could not remember her name, that is what they would have to do. Similarly, someone searching for critiques of Playboy on the internet would have a difficult time if internet sites could not list the object of their critique in their metatags.

There is simply no descriptive substitute for the trademarks used in Welles' metatags. Precluding their use would have the unwanted effect of hindering the free flow of information on the internet, something which is certainly not a goal of trademark law. Accordingly, the use of trademarked terms in the metatags meets the first part of the test for nominative use. We conclude that the metatags satisfy the second and third elements of the test as well. The metatags use only so much of the marks as reasonably necessary and nothing is done in conjunction with them to suggest sponsorship or endorsement by the trademark holder. We note that our decision might differ if the metatags listed the trademarked term so repeatedly that Welles' site would regularly appear above PEI's in searches for one of the trademarked terms.

3. Wallpaper/watermark.

The background, or wallpaper, of Welles' site consists of the repeated abbreviation "PMOY '81," which stands for "Playmate of the Year 1981." Welles' name or likeness does not appear before or after "PMOY '81." The pattern created by the repeated abbreviation appears as the background of the various pages of the website. Accepting, for the purposes of this appeal, that the abbreviation "PMOY" is indeed entitled to protection, we conclude that the repeated, stylized use of this abbreviation fails the nominative use test. The repeated depiction of "PMOY '81" is not necessary to describe Welles. "Playboy Playmate of the Year 1981" is quite adequate. Moreover, the term does not even appear to describe Welles—her name or likeness do not appear before or after each "PMOY '81." Because the use of the abbreviation fails the first prong of the nominative use test, we need not apply the next two prongs of the test.

Because the defense of nominative use fails here, and we have already determined that the doctrine of fair use does not apply, we remand to the district court. The court must determine whether trademark law protects the abbreviation "PMOY," as used in the wallpaper.

.....

Notes: Background on Search Technology

We start with trademark's assumption that a mark is a word that points from a particular type of good to the source of that good. But we *think* of the mark doing that to the consumer's eyeball, the consumer's brain, in the context of a storefront, a supermarket shelf or a billboard. Along comes the internet, or more accurately in this case, the world wide web. (If you do not know the difference, you should probably Google "history of the internet," and "history of the world wide web." It will be fun. Honest.) And on the search engine, the experienced reality is very different.

If you are walking through the aisles of the grocery store and I have a large picture on my cereal box that looks like a single Cheerio, but no use of that brand's name or logos, then you—as a loyal Cheerio eater—may be interested by the similarly shaped product, but you are not likely to be confused. If I have a sign by my mouthwash that says "compare to Listerine" then I am using Listerine's trademark to show consumers that this is a product I claim to be comparable—a nominative use of the kind discussed in this chapter. But what if the metatags on my website say "Listerine" many times, attracting Listerine-seeking

visitors, who later stay on the site, intrigued, even after realizing their initial mistake. What if the search engine displays other mouthwash ads whenever someone searches for Listerine? We have to make a choice. Is this just (benign) product comparison? In that situation, the brand name is used to convey useful information to a consumer making a choice—like “compare to Listerine,” or “considering a Prius? Try our even more advanced electric car.” Or is this like posting a Pizza Hut billboard at the exit to the freeway, which leads hungry drivers to a restaurant that turns out to be Domino’s, which they would not have chosen but where they may eat anyway, just because it was convenient?

Law is context-dependent and technology is a context.

That goes not just for the way trademark needs to adapt to search engines, but *within* the world of search engines, because we need to understand what the search engine is actually doing.

When *Welles* was decided search engines prioritized their search results (among other things) according to word-frequency and metatag description. If a site had the words “online shoe store” 1000 times in one point white font on a white background in its “wallpaper” and if it put in the html metatags for the site `<meta name=“keywords” “shoe sale,” “designer shoes” “cute shoes” “designer shoe sale” “really cute shoes”>` that site would be more highly ranked in a search for shoe stores online.

To see what metatags are, pick an old, unfashionable website and click “view source,” or something comparable, in your browser’s command menu. Here is an imaginary one for a Duke basketball fan site.

```
<!DOCTYPE HTML PUBLIC "-//W3C//DTD HTML 4.0 Transitional//EN">
<html>
  <head>
    <title>Duke basketball fan site.</title>
    <meta name="keywords" content="Duke basketball, ACC
      basketball, Duke fan, etc">
    <meta name="description" content="The Number One Site for
      Duke Basketball Fans!!">
  </head>
  <body>
    Welcome to the Duke Basketball Fanatics page. (Not affiliated
    with Duke University)
  </body>
</html>
```

The metatags are, as their name suggests, meta. They are not the page. They are talking *about* the page. The `<title>` tag tells your browser what the title of the page is. (Look at the name that appears in the tab at the top of your browser screen.) The `<keywords>` metatag tells search engines what the creator of the site thinks are the search keywords that someone looking for a page like this might choose to search. The `<description>` metatag provides the page creator’s own description of the page.

Insiders will know that this description is about as current a representation of the way web pages are set up and search engines operate, as a diagram of a 1968 VW Beetle would be for contemporary car design. There are still metatags, they are important and search engines do look at them. But, precisely because search results were so easily “gamed” with strategies like Ms. Welles’, search engineers had to find a better way. They settled instead on what some have called the water-hole strategy. If you want to know where the water is, do not look at a map, look at the tracks the animals leave on the ground. The animals know where the water is. On the web, the users know where the best pages are and they link to them. Rather than searching words and metatags, search engines—led by Google’s Page Rank algorithm (hint Sergey Brin and Larry *Page*)—looked for patterns of

linkage. If James Boyle's site <http://thepublicdomain.org> has lots of links *from* people who seem knowledgeable about copyright, he gets a higher page rank. If he then links to another page about copyright, then that page in turn is seen as more relevant to a copyright search. It is a lay version of peer review. In the world of search engines that use such techniques, while word frequency and metatags will still influence a result, they will have less impact relative to other factors, perhaps changing the balance of interests. On the other hand, "link bombing" which attempts to game search engine algorithms by creating hundreds of spurious links to the owner's site, might assume a greater importance.

Question:

1.) Look at the discussion above about how to apply trademark law to search engines. Does one's answer to that question depend on an analysis of the technology, or a choice between the broad and narrow vision of trademark law discussed in the last chapter? Both? What normative questions about the ultimate justification for trademark and its temporal reach both before and after the moment of purchase would be relevant?

PROBLEM 8-1

1) Look back at Problem 7-1, and in particular at Figure One on page 194 and the paragraph at the bottom of page 206 that describes Google's use of the company logos. **May Google use these logos to facilitate search in the way shown in Figure One? Why or why not?**

2) Now, doing your own research, **find two examples in the real world of uses in commerce that you think qualify as *descriptive fair uses* of others' trademarks, and two examples of uses in commerce that you think are *nominative uses* of others' trademarks. In each instance, explain why you think those uses meet the criteria for the relevant defense.**