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Sorting Out “Fair Use” and “Likelihood of Confusion” in Trademark Law

Stephanie M. Greene*

I. INTRODUCTION

A seller may unwittingly provoke a trademark infringement suit merely by using language in advertising or on a label that describes his product. Although descriptive terms, in general, are not protected by trademark law, such terms may receive protection if they have acquired secondary meaning. If the mark has been registered and has been in commercial use

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1The Trademark Act of July 5, 1946, commonly known as the Lanham Act, defines a trademark as “any word, name, symbol, or device” used by a person “to distinguish his or her goods ... from those manufactured or sold by others to indicate the source of the goods....” 15 U.S.C. § 1127 (2000).

2See Graeme B. Dinwoodie, The Seventh Annual Honorable Helen Wilson Nies Memorial Lecture in Intellectual Property Law: The Trademark Jurisprudence of the Rehnquist Court, 8 MARQ. INTELL. PROP. L. REV. 187, 194 (2004); 15 U.S.C. § 1052(e)(1). The Lanham Act prohibits the registration of a mark which “when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them.” Id. A merely descriptive mark, however, may be registered if the applicant shows that it “has become distinctive of the applicant’s goods in commerce,” in other words that it has acquired secondary meaning; see 15 U.S.C. § 1052(f); Park’N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189, 196 (1985); see also Two Pesos v. Taco Cabana, Inc., 505 U.S. 763, 769 (1992) (stating that descriptive marks may acquire the distinctiveness which affords them protection under the Lanham Act). Descriptive marks lack distinctiveness, which is the very essence of a trademark’s source identifying function. If a trademark does not act as a source identifier, then there is no risk that consumers will be confused. Consequently, the law does not give protection to weak marks. See generally TCPIP Holding Co., Inc. v. Haar Communications, Inc., 244 F.3d 88, 93-94 (2001) (discussing the weakness of descriptive marks and why they merit less legal protection). The strength of a mark is considered according to a scale devised by Judge Friendly in Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9-11 (2d Cir. 1976). The scale includes the following categories: generic, descriptive, suggestive, arbitrary, or fanciful. Generic marks are the weakest, receiving no protection because they identify a product, rather than the product's

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for five consecutive years, it is said to be incontestable. Once a mark has incontestable status, secondary meaning is presumed and the validity of the mark cannot be challenged on the grounds that it is "merely descriptive." The Lanham Act, however, seeks to protect the actor who uses language to describe his product by providing an affirmative fair use defense. According to the defense, one who uses a trademarked term in a nontrademark manner, in a descriptive sense, and in good faith is not liable for trademark infringement. Although the defense seems quite clear, courts have had difficulty applying it.

The role of the fair use defense must be considered not only in the context of the objectives of trademark protection, but also with the limitations of trademark protection in mind. Trademark protection serves the dual purposes of preventing consumer confusion and protecting the goodwill of the trademark holder. If competitors are allowed to use the same or similar marks, consumers are unable to rely on a mark as an

source. See Park'N Fly, 469 U.S. at 194 ("Generic terms are not registerable, and a registered mark may be canceled at any time on the grounds that it has become generic."). At the other end of the spectrum, arbitrary or fanciful marks are considered to be inherently distinctive because they "serve to identify a particular source of a product..." Two Pesos v. Taco Cabana, Inc., 505 U.S. 763, 768 (1992). Descriptive and suggestive marks are those most likely to cause difficulty in assessing fair use.


4See J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 32:142 (1992); Park'N Fly, 469 U.S. at 196 (holding that "[m]ere descriptiveness is ... not a basis for challenging an incontestable mark"); Soweco, Inc. v. Shell Oil Co., 617 F.2d 1178, 1184-85 (5th Cir. 1980) ("An 'incontestable' mark cannot be challenged as lacking secondary meaning; such marks are conclusively presumed to be nondescriptive or to have acquired secondary meaning.").

5The classic fair use defense is codified at § 33(b)(4) of the Lanham Act which says that it shall be a defense to an allegation of infringement of an incontestable mark "[T]hat the 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. ..." 15 U.S.C. § 1115(b)(4). The provision has been recognized as a statutory restatement of the corresponding common law defense. See J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 11:49 at 11-105 (4th ed. 1996).

6See discussion infra Part II.

7See, e.g., Park'N Fly, 469 U.S. at 198 ("The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers.") (citing S. Rep. No. 1333, 79th Cong., 2d Sess., 3-5 (1946)).
information tool that assists them in locating a particular product. Accordingly, courts have sometimes denied the defense of fair use on the grounds that the use in question will cause consumer confusion. In considering whether a use is fair, however, courts must consider the possibility that the use of some language and imagery is fair precisely because it lies beyond the boundaries of trademark protection. In fact, the role of fair use must take into account the fact that trademark protection is an exception to the rule of free competition. Fair use provides a safe haven for uses of trademarked terms that lie beyond the boundaries of trademark protection. To subject language that does not belong within the scope of trademark protection to an analysis that presupposes that such protection is justifiable has led to unnecessary confusion in fair use analysis.

Confusion in fair use analysis is evident in the decisions of the circuit courts of appeal. Courts have disagreed on the critical issue of whether a finding of likelihood of confusion forecloses a defendant from claiming his

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9See discussion infra Part II.

10See Mark A. Lemley, Property, Intellectual Property, and Free Riding, 83 Tex. L. Rev. 1031 (2005). Lemley makes the case that intellectual property rights are an exception to the norm of free competition that should be "granted only when — and to the extent that — they are necessary to encourage invention." Id. He analogizes intellectual property to a "government-created subsidy that "depart[s] from the norm of a competitive marketplace in order for the government to provide a benefit to a private party." Id. at 1072-73. The debate on the expansion of intellectual property rights and balancing the appropriate interests has spawned a wealth of literature. For a brief summary of the debate and its development, see Glynn S. Lunney, Jr., Trademark Monopolies, 48 Emory L.J. 367, 367-73 (1999). Lunney concludes that as courts moved toward "recognizing property-based trademark, we have moved sharply from a legal regime where copying and competition were the norm and protection the exception, toward a regime where protection is the norm and copying and competition the exception." Id. at 486. For an eloquent discussion on the expansion of intellectual property rights, see James Boyle, Fencing Off Ideas: Enclosure & the Disappearance of the Public Domain, Daedalus, Spring 2002, at 13, 16. Boyle likens the expansion of intellectual property rights (including business method patents, the Digital Millennium Copyright Act, and the Antidilution Act) to the English enclosure movement. He refers to the expansion of intellectual property rights as a "second enclosure movement" of the "commons of the mind." Boyle notes the erosion of a fundamental principle of intellectual property law, protection of the public domain, in favor of private property rights and that "enclosure of the information commons clearly has some potential to harm intellectual innovation."
use is fair.\textsuperscript{11} While it is clear that a plaintiff may not succeed in a claim of infringement where there is no likelihood of confusion as to the source of the product,\textsuperscript{12} it is less clear whether a defendant may claim fair use when some likelihood of confusion will result from the use claimed to be fair. Some courts have held that a finding of likelihood of confusion will always preclude a defense of fair use;\textsuperscript{13} other courts have held that a use may be fair even when there is some likelihood of confusion.\textsuperscript{14}

In \textit{KP Permanent Make-up v. Lasting Impressions},\textsuperscript{15} the Supreme Court of the United States resolved the circuit split on whether the fair use defense can survive a finding that the challenged use may result in some confusion. The Court held that the defense necessarily contemplates that some likelihood of confusion may accompany a fair use.\textsuperscript{16} The Court's decision rejects the approach taken by the Sixth and Ninth Circuits, which had both found that a finding of likelihood of confusion would always trump a defense of fair use.\textsuperscript{17} Several questions about the fair use defense, however, went unanswered. Most important, the Court declined to elaborate on whether the extent of confusion caused by the challenged

\textsuperscript{11}\textit{See} discussion \textit{infra} Part II.

\textsuperscript{12}\textit{See} 15 U.S.C. § 1114(1)(a) (providing a cause of action for federal trademark infringement against anyone who uses a mark that is identical or similar to a mark registered on the principal register, when such unauthorized use is "likely to cause confusion, or to cause mistake, or to deceive"); 15 U.S.C. § 1125(a)(1)(A) (providing claims for infringement of unregistered trademarks and trade dress). \textit{See, e.g.}, Two Pesos v. Taco Cabana, Inc., 505 U.S. 763, 769 (1992) ("It is ... undisputed that liability under [the Lanham Act] requires proof of the likelihood of confusion.").

\textsuperscript{13}\textit{See, e.g.}, \textit{KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.}, 328 F.3d 1061, 1072 (9th Cir. 2003) [hereinafter \textit{KP I}] (holding that "there can be no fair use if there is a likelihood of confusion"); \textit{PACCAR, Inc. v. Telescan Tech., L.L.C.}, 319 F.3d 243, 256 (6th Cir. 2003) ("[A] finding of a likelihood of confusion forecloses a fair use defense").

\textsuperscript{14}\textit{See, e.g.}, Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond's USA Co., 125 F.3d 28, 30–31 (2d Cir. 1997); Shakespeare Co. v. Silstar Corp. of Am., 110 F.3d 234, 243 (4th Cir. 1997) ("If a fair use defense is not to be considered when there is a likelihood of confusion, then it is never to be considered."); Sunmark, Inc. v. Ocean Spray Cranberries, Inc., 64 F.3d 1055, 1059 (7th Cir. 1995).

\textsuperscript{15}125 S. Ct. 542 (2004) [hereinafter \textit{KP II}].

\textsuperscript{16}Id. at 550.

\textsuperscript{17}\textit{See KP I}, 328 F.3d at 1072; \textit{PACCAR}, 319 F.3d at 256; Transgo, Inc. v. Ajac Transmission Parts Corp., 911 F.2d 363, 366 (9th Cir. 1990); Lindy Pen Co., Inc. v. Bic Pen Corp., 725 F.2d 1240, 1248 (1984).
use should be a factor in determining whether the elements of the fair use defense are satisfied.\textsuperscript{18} The decision does not suggest a method for applying the fair use defense in terms of what level of confusion might be tolerated.

The Supreme Court's decision in \textit{KP Permanent Make-Up} takes a step in the right direction. In recognizing that fair use and some confusion may coexist, the Court adds a dose of common sense to the interpretation of fair use.\textsuperscript{19} Unfortunately, the Court withholds instructions to the lower courts on how this dose of common sense should be administered. Moreover, by suggesting that the degree of likely confusion may be a factor in fair use analysis, the Court invites further differences in interpretation by lower courts—perhaps even a perpetuation of the circuit split.\textsuperscript{20}

This article maintains that the Supreme Court's decision in \textit{KP Permanent Make-Up} should be read as one that recognizes the important role of the fair use defense in protecting the interests of competitors who use terms and images that do not fall within the boundaries of trademark protection. Part II examines the case law identifying the crucial issues raised by the circuit split. Part III summarizes the Supreme Court's decision and the Ninth Circuit's subsequent reconsideration of the case. This section suggests that in raising the possibility that extent of confusion should be part of fair use analysis, the Court may merely perpetuate divergent approaches to fair use analysis. In Part IV, approaches that consider the extent of confusion are considered. An examination of such proposals leads to the conclusion that tests which tamper with the statutory scheme disturb the balance that has already been struck between consumer confusion and fair competition and do not support the larger objectives articulated in the Supreme Court's decision. Part V proposes that the approach followed by the Second Circuit best fulfills the objectives of the

\textsuperscript{18} \textit{KP II}, 125 S. Ct. at 551 (“our holding that fair use can occur along with some degree of confusion does not foreclose the relevance of the extent of any likely consumer confusion in assessing whether a defendant's use is objectively fair”).

\textsuperscript{19} See Mark A. Lemley, \textit{The Modern Lanham Act and the Death of Common Sense}, 108 Yale L.J. 1687, 1688 (1999) (arguing that changes in trademark law have “loosed ... [it] from its traditional economic moorings and have offered little of substance to replace them”).

\textsuperscript{20} In fact the Court's decision and lack of guidance fulfill the prediction of Professor Dinwoodie, who speculated that “bright line rules” articulated by the Court might “lead to more abstract, and more doctrinally complex, inquiries that undermine the Court's goal of certainty.” Dinwoodie, supra note 2, at 207–08.
fair use defense as well as the concerns raised by the Supreme Court in the *KP Permanent Make-Up* decision. The article concludes that both likelihood of confusion and the extent of confusion are elements that are adequately addressed by the requirements of the fair use defense and that any additional focus on likelihood of confusion upsets the balance contemplated by the Lanham Act.

II. A CRITICAL ANALYSIS OF THE CIRCUIT SPLIT

Before the Supreme Court's decision in *KP Permanent Make-Up*, the lower courts had taken two quite different approaches to the significance of likelihood of confusion when fair use was raised as a defense to a claim of trademark infringement. One view proposed that a likelihood of confusion and fair use are inconsistent because the paramount goal of trademark law is to prevent consumer confusion. This approach was taken by the Sixth and Ninth Circuits, which considered likelihood of confusion to be a deciding factor when fair use was raised. The second view maintained that a use that meets the requirements of the statute (the use is descriptive, in good faith, and not as a trademark) should be permitted, even if it causes confusion. Following this view, the Second, Fourth, and Seventh Circuits have held that fair use may be found even when there is some likelihood of

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21 See J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 11:47 (4th ed. 1996) (maintaining that "'fair use' should be viewed as merely one type of use which is not likely to cause confusion and hence is a 'defense' only in that sense"). After the Supreme Court's decision in *KP II*, McCarthy gives the following opinion on the fair use defense: "I think it clear that traditional evidence of likely confusion is indeed admissible and relevant on the issue of classic fair use. This evidence can come in either under the 'used fairly' element of the statutory defense and/or under the 'otherwise than as a mark' part of the defense." McCarthy, § 11:47 at 11-105 (1996). *See discussion infra* Part IVA.

22 See, e.g., Playboy Enter., Inc. v. Netscape Communications Corp., 354 F.3d 1020, 1029 (9th Cir. 2004) ("A fair use may not be a confusing use."); *PACCAR Inc.*, 319 F.3d at 256 ("a likelihood of confusion forecloses a fair use defense"); *Transgo*, 911 F.2d at 366 (holding fair use did not apply where the jury had determined the defendant's use was unfair and confused customers); *Lindy Pen*, 725 F.2d 1248 (rejecting fair use defense where likelihood of confusion has been shown).

Because the Ninth and Second Circuits best represent the two opposing views, the following subsections explain the development of the fair use defense in those circuits, with an eye toward understanding the extent to which the Supreme Court's decision in *KP Permanent Make-Up* resolves the circuit split and what the decision means for the future of the defense.

### A. Likelihood of Confusion Trumps the Fair Use Defense: The Ninth Circuit's Approach

Cases in the Ninth Circuit have been decided on the premise that the fair use defense is not broad enough to immunize a defendant from infringement liability where the challenged use involves the likelihood of consumer confusion as to the source of the product. When the Ninth Circuit decided *KP Permanent Make-Up* it did so against what appeared to be well-developed and well-settled principles in the Ninth Circuit. A closer examination of cases in the Ninth Circuit, however, reveals inconsistencies in the approach and application of the fair use defense.

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24See, e.g., *Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond's USA Co.*, 125 F.3d 28, 30-31 (2d Cir. 1997) (finding fair use and attributing any confusion to plaintiff's choice of a well known phrase); *Shakespeare Co. v. Silstar Corp. of Am.*, 110 F.3d 234, 243 (4th Cir. 1997) ("If a fair use defense is not to be considered when there is a likelihood of confusion, then it is never to be considered."); *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1059 (7th Cir. 1995) (disagreeing with courts that imply confusion is inconsistent with fair use). Cases in the Fifth Circuit have been cited for both sides of the argument on whether fair use and likelihood of confusion are inconsistent. In *Soweco, Inc. v. Shell Oil Co.*, the court stated that "even if there were likelihood of confusion, the defendant would still be entitled to its fair-use defense, so long as it had met the requirements of § 1115(b)(4). To hold otherwise would essentially eviscerate the fair-use defense." 617 F.2d 1178, 1189 (5th Cir. 1980). In a subsequent case, *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, the court stated that one may use a term "in its primary, descriptive sense so long as such use does not lead to customer confusion as to the source of the goods or services." 698 F.2d 786, 791 (5th Cir. 1983). The court's statement in *Zatarains* does not necessarily disagree with its earlier position in *Soweco*. The statement could be read to mean simply that the descriptive use must also be a nontrademark use, as required by § 1115(b)(4). Such a reading makes sense, especially because the court in *Zatarains* cites *Soweco* with approval just prior to this statement. See id.

25See, e.g., *KP I*, 328 F.3d at 1072; *Transgo*, 911 F.2d at 366; *Lindy Pen*, 725 F.2d at 1248.
1. The Ninth Circuit’s Unusual Approach to Fair Use in Trademark Infringement

The Ninth Circuit has decided numerous cases involving fair use defense in trademark infringement claims. The decisions and analysis in the Ninth Circuit are somewhat unique because the Ninth Circuit distinguishes between cases involving “nominative” and “classic” fair use.26 This distinction focuses on whether one is using a mark to refer to his own product or to identify the mark holder’s product.27 Classic fair use refers to a situation in which a defendant uses language or images that are similar to a mark holder’s to describe his own product or service. For example, if two manufacturers of ballpoint pens used the term “Auditor’s” to identify a particular type of pen, and one manufacturer had registered the mark, the competitor might raise the defense of classic fair use, arguing that his use met the requirements of fair use under Section 1115(b)(4).28 Nominative fair use refers to use by one party to describe only the mark holder’s goods. For example, in New Kids on the Block v. News America Publishing,29 the court found that the defendant news agency was entitled to nominative fair use in using the trademarked name “New Kids” in a poll.30

27 See New Kids, 971 F.2d at 308.
28 See Lindy Pen, 725 F.2d at 1248.
29 See New Kids, 971 F.2d at 302 (9th Cir. 1992).
30 Id. at 309. In the Ninth Circuit, the nominative fair use analysis is used whenever the defendant has used the plaintiff’s mark to describe the plaintiff’s product, even if the defendant’s ultimate goal was to describe his own product. See Cairns, 292 F.3d at 1152 (finding nominative fair use when the likeness and image of Princess Diana were both the product and mark of the Fund and that defendant Franklin Mint described the Fund’s product, even though its goal in doing so was to describe its own product); Volkswagenwerk Aktiengesellschaft v. Church, 411 F.2d 350, 351 (9th Cir. 1969) (finding fair use where a shop specializing in repairing Volkswagens and Porsches posted a sign that read “Modern Volkswagen Porsche Service”).
The Ninth Circuit states that "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." 31 In fact, nominative fair use, as defined by the Ninth Circuit, does not fit within the use described in Section 1115(b)(4) because this section refers to a party's use of his own goods or services. 32 The Ninth Circuit reasons that nominative fair use does not involve unfair competition because such use "does not implicate the source-identification function that is the purpose of trademark..." 33 Despite the valid distinctions between nominative and classic fair use, the Ninth Circuit ignores the fact that the reasoning it uses to recognize that nominative fair use does not lead to unfair competition is the very reasoning implicit in Section 1115(b)(4). Language and images that meet the classic fair use test, also lie "outside the strictures of trademark law" because the defense requires that the use be "otherwise than as a mark." In drawing a distinction between classic and nominative fair use, the Ninth Circuit seems to ignore not only the requirements of the fair use defense as set forth in the statute, but also its very purpose.

Based on its distinction between nominative and classic fair use, the Ninth Circuit established distinct tests for each type of fair use. In Cairns v. Franklin Mint Company, 34 the court stated: "The distinction between classic and nominative fair use is important for two reasons: (1) classic and nominative fair use are governed by different analyses; and (2) the classic fair use analysis only complements the likelihood of customer confusion analysis... whereas the nominative fair use analysis replaces [such]

31 New Kids, 971 F.2d at 307-08. The court compared nominative fair use with fair use in copyright law stating that that nominative fair use cases "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." (citing Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 447-51 (1984)).

32 See 15 U.S.C. § 1115(b)(4) (2000) ("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...") (emphasis added).

33 New Kids, 971 F.2d at 307-08.

34 292 F.3d 1139 (9th Cir. 2002).
analysis.”\textsuperscript{35} The test for classic fair use refers to the defense set forth in Section 1115(b)(4) of the Lanham Act. The Ninth Circuit indicates its view that fair use and likelihood of confusion are incompatible by emphasizing that the requirements of Section 1115(b)(4) must be interpreted in conjunction with likelihood of confusion analysis.\textsuperscript{36}

Establishing likelihood of confusion is the critical component of a successful suit for trademark infringement.\textsuperscript{37} The Ninth Circuit uses an eight-factor test to determine whether the allegedly infringing use is likely to cause consumer confusion. The test in the Ninth Circuit is similar to that used in other circuits and includes the following nonexclusive factors: (1) strength of the mark, (2) proximity of the goods, (3) similarity of the marks, (4) evidence of actual confusion, (5) marketing channels used, (6) type of goods and the degree of care likely to be exercised by the purchaser, (7) defendant's intent in selecting the mark, and (8) likelihood of expansion of the product lines.\textsuperscript{38}

Perhaps derailed by its distinction between nominative and classic fair use, the Ninth Circuit does not give the fair use defense as set forth in Section 1115(b)(4) its proper due. Instead of recognizing the defense's role in ensuring fair competition, decisions in the Ninth Circuit overemphasize the importance of the likelihood of confusion in fair use analysis. Moreover, decisions in the Ninth Circuit do not provide a clear picture of how likelihood of confusion analysis and fair use analysis complement each other.

\textsuperscript{35}Id. at 1151. The nominative fair use test was established in \textit{New Kids} as follows:

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.

\textit{New Kids}, 971 F.2d at 308.

\textsuperscript{36}See \textit{Cairns}, 292 F.3d at 1151 (“The classic fair use analysis, therefore, only complements the likelihood of customer confusion analysis. . . . ”).

\textsuperscript{37}See \textit{supra} note 12.

\textsuperscript{38}AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348–49 (9th Cir. 1979). Other circuit courts of appeal employ similar tests for likelihood of confusion. \textit{See, e.g.,} Pizzeria Uno Corp. v. Temple, 747 F.2d 1522, 1527 (4th Cir. 1984) (seven factors); Frisch Rests., Inc. v. Elby’s Big Boy of Steubenville, Inc., 670 F.2d 642, 648 (6th Cir. 1982); Polaroid Corp. v. Polarad Elect. Corp., 287 F.2d 492 (2d Cir. 1961).
2. Inconsistencies in the Ninth Circuit's Approach to Classic Fair Use

In a 1984 case, *Lindy Pen Company v. Bic Pen Corporation*, the court of appeals refused to entertain the fair use defense where it had found there was some likelihood of confusion in the telephone marketing of ballpoint pens. The parties were competitors that both used the term "Auditor's" on their products. Although the court rejected the fair use defense on the grounds that there was some likelihood of confusion, the court had in fact considered one of the factors of the fair use defense. The court found that the defendant's use could not be fair because it was not a descriptive use, as required by Section 1115(b)(4), but rather "a trademark use of the word 'Auditor's.'" Thus, although *Lindy Pen* is cited by the Ninth Circuit in subsequent cases as standing for the proposition that likelihood of confusion trumps a fair use defense, this case could also be read to show that the defense failed because the defendant could not satisfy one of the critical components of fair use analysis—that the use be "otherwise than as a mark."

In a subsequent case, *Transgo, Inc. v. Ajac Transmission Parts*, likelihood of confusion was again a roadblock to fair use. The lower court had enjoined the defendant from using the plaintiff's trademarked term "Shift Kit," following a jury's determination that the defendant used the term in a manner that was likely to cause consumer confusion. On a motion to modify the injunction, the court of appeals refused to consider any of the elements of the fair use defense such as whether the defendant's use of the term was a trademark or nontrademark use, fair or unfair within the meaning of the defense, "without any showing of change in the likelihood of confusion." The court stated that "the jury specifically determined that [the defendant] used the term ... unfairly and in a manner that

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39725 F.2d 1240 (9th Cir. 1984).
40Id. at 1248.
41Id.
43911 F.2d 363 (9th Cir. 1990).
44Id. at 364.
45See id. at 366.
confused customers as to the source of [the product]."\(^{46}\) This decision could have been limited in interpretation to indicate a reluctance to investigate the fair use factors only because doing so would be "an inappropriate reconsideration of the jury's determination. . . ."\(^{47}\) But the Transgo case was interpreted in later decisions as supporting the theory that likelihood of confusion and fair use are incompatible.\(^{48}\)

The lack of consistency in the Ninth Circuit's approach to fair use analysis is evident in a case in which it did find fair use in a trademark infringement case. In *In re Dual-Deck Video Cassette Antitrust Litigation*,\(^{49}\) the court held that a claim for trademark infringement was properly dismissed for failure to state a claim because the defendant's use was fair.\(^{50}\) The plaintiff alleged that the defendant's use of the term "VCR-2" on its videocassette receiver infringed its registered mark, "VCR-2 R."\(^{51}\) In reaching its conclusion, the court referred to each of the requirements outlined in the fair use defense. The court found that the use met the Lanham Act requirements that the use be "otherwise than as a trade or service mark," descriptive, and without evidence of bad faith.\(^{52}\) Significantly, the court did not insist on a likelihood of confusion analysis before considering whether the defendant's use of the trademarked term "VCR-2" met the requirements of Section 1115(b)(4).

These cases indicate that the development of the Ninth Circuit's approach to fair use in claims of trademark infringement was neither clear nor consistent. Some difference in approach in these cases could be attributed to the procedural posture of the cases. In both *Lindy Pen* and

\(^{46}\)See id.

\(^{47}\)Id.

\(^{48}\)See *Cairns v. Franklin Mint Co.* 292 F.3d at 1151 (9th Cir. 2002) (citing Transgo for the proposition that "classic fair use defense available only so long as such use does not lead to customer confusion as to the source of the goods or services").

\(^{49}\)11 F.3d 1460 (9th Cir. 1993).

\(^{50}\)Id. at 1466.

\(^{51}\)Id. at 1467.

\(^{52}\)Id. Despite the fact that the court cited to the provisions of the fair use defense articulated in the Lanham Act, § 1115(b)(4), the Ninth Circuit's confusion over the fair use defense is evident in its citation to *New Kids*, a nominative fair use case, in support of this case which involved classic fair use. See id. (citing *New Kids*, 971 F.2d at 306–08). The Dual-Deck decision did not refer to other classic fair use cases, such as *Lindy Pen* or Transgo.
Transgo, a likelihood of confusion analysis had already been undertaken when the cases reached the court of appeals. Except for a reference in Lindy Pen to the fact that the defendant's use was "as a mark," the Ninth Circuit had positioned itself to forgo fair use analysis where a likelihood of confusion had been found. Nevertheless, in the Dual-Deck decision, neither the lower court nor the court of appeals engaged in likelihood of confusion analysis. Instead the finding of fair use in Dual-Deck was premised solely on consideration of the elements of fair use as set forth in the Lanham Act.\footnote{Dual-Deck, 11 F.3d at 1467. The court in Dual-Deck cited an earlier case in which the court examined fair use, solely by examining the factors set forth in § 1115(b)(4). In Sierra On-Line, Inc. v. Phoenix Software, Inc., the court found that a defendant was unlikely to prevail on a fair use defense because its use of the term in question was not necessarily a "non-trademark use" and its "good faith [was] in issue." 739 F.2d 1415, 1423 (9th Cir. 1984).}

3. The Ninth Circuit's Decision: KP I

Against this background, the court of appeals for the Ninth Circuit decided KP Permanent Make-Up v. Lasting Impression I, Inc.,\footnote{328 F.3d 1061 (9th Cir. 2003).} a case in which, like the Dual-Deck case, no analysis of likelihood of confusion had been undertaken.\footnote{See id. at 1072 and discussion supra Part II.A.2.} The court of appeals, however, took the position that it could not undertake a fair use analysis until the likelihood of confusion had been determined.\footnote{KPI, 328 F.3d at 1072.}

The case involved direct competitors, KP Permanent Make-Up (KP) and Lasting Impression I (Lasting). The companies are involved in the manufacture and distribution of permanent make-up, a product that can be used for both cosmetic and medical purposes. Both companies employed variations of the term "micro colors" or "microcolor" in their literature and packaging. KP began using the term on flyers and bottles as early as 1990. Lasting began using the term in 1992 and registered it as part of its logo in 1993. The mark became incontestable in 1999.\footnote{Id. at 1065.} When KP used the term in a stylized manner in an advertising brochure in 1999, Lasting sent a cease and desist letter. In response, KP filed an action for
declaratory judgment and Lasting counterclaimed for trademark infringement of its registered mark.58

The Ninth Circuit identified the case as one involving issues of classic fair use.59 It cited its previous decisions, Transgo and Lindy Pen, for the proposition that the fair use defense is not available if there is likelihood of confusion.60 According to the court, KP could benefit from the fair use defense only if there was no likelihood of confusion between its use of the term “micro color” and Lasting’s mark.61 The district court concluded that the term “micro color” was either generic or descriptive.62 If generic, the term was not entitled to any trademark protection; if descriptive, the district court held, KP was entitled to fair use of the term because it was used descriptively, not as a trademark, and in good faith.63 The court of appeals, however, held that summary judgment on the fair use defense was error because there were material questions of fact regarding the likelihood of confusion.64 Consequently, the case was remanded for fact finding based on the eight-factor test for likelihood of confusion.65

B. Likelihood of Confusion is Consistent with Fair Use: The Second Circuit’s Approach

The Second Circuit, and those that follow its lead, recognize the compatibility of fair use and likelihood of confusion. According to the Second Circuit, fair use is an absolute defense to liability “even if defendant’s conduct would otherwise constitute infringement of another’s trademark.”66 In taking this approach, the Second Circuit adhered to principles

58 Id. at 1066.
59 Id. at 1072.
60 Id. at 1072 (9th Cir. 2003) (citing Transgo, 911 F.2d at 366 n.2 and Lindy Pen, 725 F.2d at 48).
61 Id.
62 Id. KPI, 328 F.3d at 1066.
63 Id.
64 Id. at 1072–73.
65 Id. at 1073. See supra text accompanying note 38 for the eight-factor test.
66 Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond’s USA Co., 125 F.3d 28 (2d Cir. 1997).
that were articulated by the U.S. Supreme Court well before the fair use defense was codified in the Lanham Act. In a 1924 case, the Supreme Court stated:

A name which is merely descriptive of the ingredients, qualities, or characteristics of an article of trade cannot be appropriated as a trademark and the exclusive use of it afforded legal protection. The use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin or ownership of the product.\(^\text{67}\)

Courts in the Second Circuit have focused on applying the factors articulated in Section 1115(b)(4), rather than on likelihood of confusion analysis. Thus, courts consider each of the three factors set forth in the statute—whether the terms or images in question are used descriptively, other than as a mark, and in good faith. The courts differ to some extent in how they analyze each of these three factors, but it is apparent from both the language of the statute and courts' interpretations that one who raises the fair use defense must satisfy all three components of the defense. If the defendant's use is contrary to one of the stated requirements of the defense, then the analysis need not proceed further.

In recognizing that the fair use defense is available even when there is some likelihood of confusion, the Second Circuit has taken the most rational approach to the fair use defense. Cases in the Second Circuit have introduced fair use analysis by noting that the terms of the statutory defense are premised on the fact that the public has a right to use descriptive language and images and that this right is not defeated by the claims of a trademark owner to exclusivity.\(^\text{68}\) Although trademark protection advances the goal of avoiding customer confusion, this approach recognizes that trademark protection is limited and must sometimes yield to advance other interests. As one court stated, “efficiency and the public interest require that every merchant trading in a class of goods


\(^{68}\) See, e.g., Cosmetically Sealed, 125 F.3d at 30 (recognizing that fair use may be a defense “even if a defendant's conduct would otherwise constitute infringement of another's trademark”); Car-Freshener Corp., v. S.C. Johnson & Son, Inc., 70 F.3d 267, 269 (2d Cir. 1995) (“It is a fundamental principle marking an outer boundary of the trademark monopoly that, although trademark rights may be acquired in a word or image with descriptive qualities, the acquisition of such rights will not prevent others from using the word or image in good faith in its descriptive sense, and not as a trademark.”).
be permitted to refer to the goods by their name, and to make claims about their quality."^{69}

Cases in the Second Circuit indicate that courts should accept confusion as a by-product of fair use not only because fair use promotes the interests of the public and merchants, but also because the person who chose the descriptive or well-known mark assumed a risk of confusion.^[70] In choosing a mark, one should be aware of the fact that the law’s grant of exclusivity is less likely to operate where such a grant “would tend to diminish the access of others to the full range of discourse relating to their goods.”^[71]

III. RESOLUTION OF THE CIRCUIT SPLIT?

A. The Supreme Court’s Decision: KP Permanent Make-Up v. Lasting Impression

Although the Supreme Court does not squarely adopt the straightforward approach followed in the Second Circuit, it clearly rejects the Ninth Circuit’s conclusion that an absence of likelihood of confusion is critical to the success of the fair use defense. The Supreme Court vacated the ruling of the Ninth Circuit, holding that a defendant who asserts the affirmative defense of fair use under Section 1115(b)(4) does not have to prove a lack of consumer confusion as part of its defense.^[73] In reaching its conclusion, the Court underscored two points: first, that a plaintiff has the

^{69}Virgin Enter. v. Nawab, 335 F.3d 141, 147 (2d Cir. 2003).

^{70}See Cosmetically Sealed, 125 F.3d at 30–31 (“If any confusion results, that is a risk that the plaintiff accepted when it decided to identify its product with a mark that uses a well known descriptive phrase.”); Car-Freshener, 70 F.3d at 270 (“If any confusion results to the detriment of the markholder, that was a risk entailed in the selection of a mark with descriptive attributes.”).

^{71}Virgin Enter., 335 F.3d at 147–48 (citing TCPIP Holding Co., Inc. v. Haar Communications, Inc., 244 F.3d 88, 100 (2001); Nabisco, Inc. v. PF Brands, Inc. 191 F.3d 208, 215; Otokoyama Co. Ltd. v. Wine of Japan Import, Inc., (175 F.3d 266) (2d Cir. 1999)). A case from the Fifth Circuit Court of Appeals also puts the burden on the mark holder to choose a more distinctive mark. See Soweco, Inc. v. Shell Oil Co., 617 F.2d 1178, 1189 (5th Cir.1980) (“If defendant’s use of a term to fairly describe a characteristic of its goods creates a likelihood of confusion, then plaintiff should adopt some other method of distinguishing its goods from those of defendant.”).

^{72}KP II, 125 S. Ct. 542 (2005).

^{73}Id. at 545.
burden of proving likelihood of confusion even in cases involving an
incontestable mark; and second, that the fair use defense says "nothing
about likelihood of confusion." The Court also rejected the plaintiff's
argument that the statute's requirement that a term be used "fairly" should
be read to incorporate a likelihood of confusion test.

In addition to pointing to the "textual fixed points" of the statute, the
Court recognized the logic of the approach taken by the circuits that
tolerate some likelihood of confusion when a defendant asserts fair use of a
trademarked term. The Court recognized that the fair use defense must
tolerate some likelihood of confusion because the defendant has no need
for the affirmative defense if the plaintiff cannot prove likelihood of
confusion.

While recognizing that "some possibility of consumer confusion must
be compatible with fair use," the Court hesitated to "go further," stating
only that its "holding that fair use can occur along with some degree of
confusion does not foreclose the relevance of the extent of any likely
consumer confusion in assessing whether a defendant's use is objectively
fair." The Court left the door open on several possible methods of
incorporating the degree of likelihood of confusion into fair use analysis.
Issues mentioned by the Court include whether consumer confusion bears
on fairness and whether a mark that was originally descriptive may be "so
identified as a mark" that a competitor's use could not "realistically be

74 Id. at 548.
75 Id.
76 Id. at 549.
77 Id. at 549 ("[I]t defies logic to argue that the defense may not be asserted in the only
situation where it even becomes relevant.") (citing Shakespeare Co., Inc., 110 F.3d at 243). See
also Soweco, 617 F.2d at 1189 (explaining that the fair use defense would be "eviscerate[d]" if
not allowed when there is likelihood of confusion).
78 KP II, 125 S. Ct. at 549. The Court appears to be making the point that the fair use defense
must be more than a mere rebuttal to the plaintiff's prima facie case of infringement. Several
commentators have addressed this point. See David W. Barnes & Teresa A. Laky, Classic Fair
Use of Trademarks: Confusion about Defenses, 20 SANTA CLARA COMPUTER & HIGH TECH. L.J. 833,
845 (2004) (stating that it would be inconsistent to call fair use a defense if "it is really just a
rebuttal argument").
79 KP II, 125 S. Ct. at 550.
80 Id. at 550.
called descriptive." The Court also did not address whether an accurate description of the goods in question is sufficient to satisfy the "used fairly" requirement. "Commercial justification" and strength of the mark in question were other factors the Court mentioned as possible considerations in fair use analysis.

The Court's decision resolves the circuit split to the extent that it unambiguously rejects the illogical approach to fair use analysis followed by the Ninth Circuit. It also agrees with the Second Circuit, that a mark holder must accept some risk of confusion for identifying a product "with a mark that uses a well known descriptive phrase." But in leaving the door open to introduce the degree of customer confusion into fair use analysis, the Court risks perpetuating the different approaches to fair use that were inherent in the circuit split and furthering confusion about how to apply this seemingly straightforward defense. The Ninth Circuit's reconsideration of the case illustrates that the door left open by the Supreme Court's decision may encourage the lower courts to continue leaning in the direction they had previously chosen.

**B. How the Ninth Circuit Applied the Supreme Court's Decision—KP Permanent Make Up v. Lasting Impression**

The Supreme Court's decision appears to have had little impact on the stubborn Ninth Circuit. Although the decision does not allow the Ninth Circuit to automatically foreclose a fair use defense if there is some likelihood of confusion, it invites additional analysis by suggesting that the extent of confusion might be relevant in fair use analysis. Reading the Supreme Court's decision as requiring an analysis of likelihood of confusion, the Ninth Circuit reached the same conclusion on remand that it had reached before the Court's decision. The Ninth Circuit held that it could not make a decision about whether KP's use of the term "micro color" was fair without determining whether such use would create a likelihood of

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81 *Id.* at 550–51.

82 *Id.* at 551.

83 *Id.*

84 *Id.* at 551 (2004) (citing Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond's USA Co., 125 F.3d 28 (2d Cir. 1997)).

85 408 F.3d 596 (9th Cir. 2005) [hereinafter KP III].
confusion. In considering the fair use defense, the Ninth Circuit stated that the defense "only comes into play once the party alleging infringement has shown by a preponderance of the evidence that confusion is likely." Thus, the court again remanded the case for fact finding on likelihood of confusion and fair use.

The Ninth Circuit cited specific factors to be considered by the fact finder in determining fair use—"the degree of likely confusion, the strength of the trademark, the descriptive nature of the term for the product or service being offered . . . the availability of alternate descriptive terms, the extent of the use of the term prior to the registration of the trademark, and any differences among the times and contexts in which [the defendant] has used the term." In composing this list, the Ninth Circuit incorporates all of the Supreme Court's suggestions as factors to consider and adds a few of its own. In doing so, the Ninth Circuit seems intent on rewriting the fair use defense to reinstate its original position—that likelihood of confusion is inconsistent with fair use.

IV. ADDING CONFUSION TO FAIR USE ANALYSIS AND THE PROBLEM WITH BALANCING TESTS

The Ninth Circuit's reconsideration of *KP Permanent Make-Up* indicates that the Supreme Court's decision may have settled very little in sorting out likelihood of confusion and fair use. This section examines proposals for incorporating elements of customer confusion into fair use analysis. It concludes that such tests unnecessarily complicate the defense, provide no

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86 Id. at 608.
87 Id. at 608-09 (citing *KP II*, 125 S. Ct. at 549).
88 Id. at 609.
89 Id.
90 The Ninth Circuit's decision is bewildering given the fact that the plaintiff, Lasting, had conceded that the defendant, KP, used the term only to describe its goods and not as a mark. The district court had also found that "KP was acting fairly and in good faith, based on its continuous use of the term before Lasting adopted the term as a mark." See *KP II*, 125 S. Ct. at 546. The Supreme Court indicated that the lower court should perhaps make a distinction between KP's use of the term on bottles and flyers in the early 1990s and the stylized version of the term that it used on its brochures in 1999, suggesting that the latter use may not qualify for fair use because the stylized font indicates the term's use as a mark. Id. at 551.
additional benefits to consumers, and may harm competition. Part A considers whether the sources cited by the Supreme Court do, in fact, support the extent of confusion as a relevant factor in fair use analysis. An examination of these sources indicates that they actually provide little support for such analysis. Furthermore, adding the extent of confusion as a factor may actually contradict objectives that appear fundamental to the Court’s decision. Part B reviews a proposed balancing test for fair use analysis which purports to incorporate the extent of likely confusion into fair use analysis. This section reveals that the test is not only difficult to apply, but also that it leads to circular reasoning that defeats one of the points the Supreme Court made clear—the defendant does not have the burden of negating likelihood of confusion.91

A. Sources Referenced by the Supreme Court Do Not Support Additional Confusion Analysis

The Supreme Court cited two cases in which circuit courts of appeal have considered the extent of confusion to be relevant to the determination of whether a use is fair within the meaning of Section 1115(b)(4).92 In trying to understand how the lower courts should apply fair use following KP II, it is interesting to look to the two cases cited by the Court. In fact, a close examination of these cases indicates that neither of the decisions complicates fair use analysis with additional factors regarding likelihood of confusion.

In Shakespeare v. Silstar,93 the Court of Appeals for the Fourth Circuit stated: “to the degree that confusion is likely, a use is less likely to be found fair.”94 In the Shakespeare case, the lower court had already made findings of fact regarding likelihood of confusion and fair use. In reviewing the findings on appeal, the court appears to consider the arguments independently and alternatively. According to the decision, the defendant prevailed either because the plaintiff failed to prove likelihood of confusion or because the defendant proved fair use. The court’s language in Shakespeare, that the extent of confusion is relevant in determining fair use, could be

91KP II, 125 S. Ct. at 551.
92Id. at 550–51.
93110 F.3d 234 (4th Cir. 1997).
94Id. at 243.
read to mean quite simply that cases in which there is substantial confusion are unlikely to be cases in which the defendant can satisfy the requirements of fair use. Although there is clearly some overlap between the factors courts use in likelihood of confusion analysis and the statutory requirements of fair use, there is nothing in the *Shakespeare* decision to support employing additional likelihood of confusion factors as part of fair use analysis.

In *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, the other case cited by the Supreme Court in *KP II*, the fair use analysis is even more straightforward and there is no consideration of likelihood of confusion as part of that analysis. The only caveat the Court of Appeals for the Seventh Circuit raises is that likelihood of confusion might be a factor in cases involving related products. This concession to likelihood of confusion, however, considers "likelihood of confusion" only in the sense that a use might be "misleading" in violation of Section 1125(a)(1) and thus not used "otherwise than as a mark" as Section 1115(b)(4) requires.

The Supreme Court also cited the *Restatement of Unfair Competition* as a source that raises the extent of consumer confusion in fair use analysis. The section of the *Restatement* that the Court refers to states:

The strength of the plaintiff's mark and the extent of likely or actual confusion are important factors in determining whether a use is fair. Surveys and other evidence relating to the perceptions of prospective purchasers are thus relevant to the application of the defense, and a use that is likely to create substantial confusion will not ordinarily be considered a fair use.

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95 64 F.3d 1055 (7th Cir. 1995).

96 *KP II*, 125 S. Ct. at 550–51 (citing *Sunmark*, 64 F.3d at 1059).

97 *Sunmark*, 64 F.3d at 1059.

98 *Id.* The court explains:

When the products involved are similar, "likelihood of confusion" may amount to using a word in a "misleading" way, violating 15 U.S.C. § 1125(a)(1)—not because the likelihood of confusion makes the use nondescriptive, but because the confusion about the product's source shows that the words are being used, de facto, as a mark. And the defense is available only to one who uses the words of description "otherwise than as a mark."

*Id.*; See also discussion *infra* Part V.A.1.

99 See *KP II*, 125 S. Ct. at 551.
The defendant bears the burden of establishing the defense of fair use under the Section.\textsuperscript{100}

This language indicates that the strength of the plaintiff’s mark and the extent of likely or actual confusion should be part of fair use analysis. As discussed further in Part V, such considerations occur naturally as a part of fair use analysis. This language must, however, be read in conjunction with the Supreme Court’s clear statement in \textit{KP II} that the defendant does not have the burden of negating likelihood of confusion.\textsuperscript{101}

\textbf{B. Balancing Tests in Fair Use Analysis}

The Supreme Court’s suggestion that the degree or extent of confusion might be relevant in fair use analysis is not new.\textsuperscript{102} Commentators have also suggested that the likelihood of confusion be considered as a factor in deciding whether use is fair. Writing before the Supreme Court’s decision, authors Barnes and Laky proposed a balancing test for fair use that would take into account the various objectives of trademark protection, such as protecting the goodwill of the trademark holder, promoting competition, protecting consumers, and promoting consumer choice.\textsuperscript{103}

\textsuperscript{100}Restatement (Third) of Unfair Competition § 28 cmt. b (1995).

\textsuperscript{101}KP II, 125 S. Ct. at 548 (stating “it takes a long stretch to claim that a defense of fair use entails any burden to negate confusion”).

\textsuperscript{102}Several trademark associations that filed amicus briefs with the Supreme Court suggested that courts should take confusion into account as part of the fair use defense. The American Intellectual Property Law Association suggested that “either party may find it advantageous to proffer evidence that is related to likelihood of confusion, but neither [party] should have any absolute burden to do so in order to prevail on fair use.” Brief of Amicus Curiae American Intellectual Property Law Association at 16, KP II, 125 S. Ct. 542 (2004) (No. 03-409). The Private Label Manufacturers Association recognized that courts usually consider likelihood of confusion as part of the good faith analysis of the fair use defense. Brief of Amicus Curiae Private Label Manufacturers Association at 16–17, KP II, 125 S. Ct. 542 (2004) (No. 03-409). And the Society of Permanent Cosmetic Professionals recognized that “evidence that is relevant to likelihood of confusion is also relevant to the elements of the fair use defense.” Brief for the Society of Permanent Cosmetic Professionals et al. at 5 KP II, 125 S. Ct. 542 (2004) (No. 03-409).

\textsuperscript{103}See Barnes & Laky, supra note 78. The authors maintain that the case for a balancing test in trademark fair use is supported by analogy to the balancing test employed in copyright fair use. Id. at 871–72. Such analogies require a distinction between the goals of trademark and copyright protection. While copyright law grants a monopoly to creators as an incentive for creating, trademark law does not grant exclusive rights with the goal of creating more trademarks. The Supreme Court has long distinguished the role of trademark law from that
According to the authors, likelihood of confusion should be “relevant but not dispositive” in fair use analysis.\(^{104}\) In applying the test, the authors propose that likelihood of confusion should play both an independent and supporting role.\(^{105}\) In its independent role, likelihood of confusion “indicates harm to consumers;” in its supporting role, likelihood of confusion demonstrates “harm to a mark owner’s goodwill, how a mark is used, and good faith.”\(^{106}\) The authors maintain that courts will not be burdened by “weaving likelihood of confusion” into fair use analysis because they are “already accustomed to evaluate factors related to likelihood of confusion in the infringement context.”\(^{107}\)

The test proposed by Barnes and Laky is similar to the approach that the Ninth Circuit followed after the Supreme Court’s decision.\(^{108}\) Both approaches recognize an important role for likelihood of customer confusion in fair use analysis. The Ninth Circuit’s decision in \(KP III\) illustrates that an approach that is too flexible, such as that proposed by Barnes and Laky, leaves too much discretion to the courts to follow the path and predilection already established merely by paying lip service to the Supreme Court’s decision.

Barnes and Laky summarize their balancing test by stating that “[a] use is fair if the benefit to competition and consumers from the descriptive use is greater than the harm to competition and consumers from confusion.”\(^{109}\) This test confuses the process with the results. The balancing test

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\(^{104}\) Barnes & Laky, supra note 78, at 833.

\(^{105}\) Id. at 849.

\(^{106}\) Id.

\(^{107}\) Id. at 884.

\(^{108}\) See supra Part III.B.

\(^{109}\) Barnes & Laky, supra note 78, at 848.
is already incorporated in the statute. When the fair use test is properly applied, the balance that Barnes and Laky propose as a test should be manifest in the result—the benefits to competition and consumers will be greater than the harm.

V. SUGGESTIONS FOR APPLYING THE FAIR USE DEFENSE AFTER KP II

A. Applying the Factors of the Fair Use Test

The most important reason for rejecting balancing tests and additional factors for fair use analysis is that the statute already reflects the balancing of various interests between trademark holders, competitors and consumers. Thus, the proper prescription for fair use analysis is not new tests or additional factors, but the "principled and vigorous application of the old rules."\footnote{See Lemley, supra note 19, at 1713.} It is clear that courts that adhere to the language of the statute have taken likelihood of confusion into account in considering the requirements of fair use. Although additional factors may aid in fair use analysis, the primacy of the factors articulated in the statute should not be undermined by likelihood of confusion analysis. Furthermore, courts should be aware that injecting unnecessary consideration of confusion is contrary to the Court’s conclusion in KP II that the defendant does not have the burden of negating confusion.\footnote{KP II, 125 S. Ct. 542, 551 (2004).} In its requirements that a use be “otherwise than as a mark” and “in good faith,” Section 1115(b)(4) has already taken likelihood of confusion into account. The fact that the use is a nontrademark use means that the use does not intend to confuse consumers about the source of the product. The good faith requirement addresses both customer confusion and the goodwill of the mark holder.

1. Use That is Descriptive and Not as a Mark

Courts must keep in mind that trademark protection allows use only for specific purposes, not all purposes.\footnote{See Lemley, supra note 19, at 1697 (stating that trademark law "does not allow people to own designs or phrases outright and to prevent their use regardless of context").} In assessing whether a use is "descriptive" and "otherwise than as a mark," courts must consider how...
the defendant is using the term and whether the use has a source identifying function or merely operates to convey information. In determining whether a fair use claimant satisfies these requirements, there is adequate consideration of the interests of both consumers and trademark holders.

Thus, whether a use is fair depends on whether the defendant is using it as a source identifier or for some other purpose. When goods are closely related, it is natural for courts to inquire whether the use of the terms or images in question are intended to confuse consumers as to the source of the product or service.113 For example, in *Venetianaire Corp. of America v. A&P Imports,*114 the Second Circuit found that the similarity of the products (plastic mattress covers) indicated that the defendant’s use of the word “hygienic” was intended as a mark. Although the word satisfied the fair use requirement that it be descriptive of the goods, the defendant’s intent appeared to be to use the term as a mark in order to capitalize on its similarity to plaintiff’s registered mark “hygient.” The fair use defense must fail in such a case because the use which is not “otherwise than as a mark” attempts to confuse consumers and to capitalize on the mark holder’s goodwill.

2. “Used Fairly and in Good Faith”

The good faith requirement of the fair use defense also involves consideration of consumer confusion and the mark holder’s goodwill. In analyzing the statute’s requirement that a use be “in good faith” courts have often considered whether the alleged infringer took steps to avoid confusion or whether the defendant’s conduct indicated an intent to create confusion.115

Packaging, labeling, and trade dress that is distinct from a competitor’s might indicate a lack of intent to create confusion in the minds of consumers. For example, in *Zatarain’s, Inc. v. Oak Grove Smokehouse,*116 the

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113 See *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1059 (7th Cir. 1995).

114 429 F.2d 1079 (2d Cir. 1970).

115 See, e.g., *EMI Catalogue P’ship v. Hill, Holliday, Connors, Cosmopulos, Inc.*, No. 99-7922, 2000 U.S. App. LEXIS 30761, at *27–30 (2d Cir. Sept. 15, 2000) (finding that an “inference of a lack of good faith may arise from a defendant’s use of a plaintiff’s mark with the intent to trade upon the good will represented by that mark”).

116 698 F.2d 786 (5th Cir. 1983).
plaintiff sold batter mix for frying fish under the trademark "FISH-FRI." The defendant competitors sold similar batter mixes and referred to them descriptively as "fish fry," but used dramatically different trade dress. Finding that the evidence indicated that the defendant made a conscious effort to distinguish its trade dress to avoid confusion, the court held that this effort supported the finding of good faith necessary for a fair use defense.

Like distinctive trade dress, the prominent use of a defendant's own mark in conjunction with a descriptive use also diminishes potential confusion and bolsters the argument for good faith. In Cosmetically Sealed, the plaintiff claimed that the defendants' use of the phrase "seal it with a kiss" infringed its registered trademark, "sealed with a kiss." The court found that the defendants' good faith "was evidenced by the fact that the source of the defendants' product [was] clearly identified by the prominent display of the defendants' own trademarks."

Conversely, an intent to create confusion by trading on the mark holder's goodwill may indicate a lack of good faith. For example, in EMI Catalogue Partnership v. Hill, Holliday, Connors, Cosmopulos, Inc., the defendants contemplated licensing a well-known jazz song "Sing, Sing,

\[\text{Footnotes:}\]

117 Id. at 788.
118 Id. at 796. Even in the Ninth Circuit, the court recognized that when two marks "viewed in isolation are indeed identical ... their similarity must be considered in light of the way the marks are encountered in the marketplace...." Lindy Pen Co. v. Bic Pen Corp., 725 E2d 1240, 1248 (9th Cir. 1984).
119 See Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond's USA Co., 125 F.3d 28, 30-31 (2d Cir. 1997); Car-Freshener Corp. v. S.C. Johnson & Son, Inc., 70 F.3d 267, 270 (2d Cir. 1995) (finding "Glade Plug Ins" trademark and corporate logo prominently displayed on boxes of pine tree shaped air freshener indicated good faith, supporting fair use defense to claim of infringement by manufacturer of pine tree shaped car fresheners); M.B.H. Enters., Inc. v. WOKY, Inc., 633 F.2d 50, 54-56 (7th Cir. 1980) (finding that radio station's inclusion of its call letters in conjunction with allegedly infringing phrase demonstrated good faith intent not to confuse).
120 See Cosmetically Sealed, 125 F.3d at 29-30.
121 Id. at 30.
Sing (with a Swing)” but opted to license similar stock music to reduce costs.\textsuperscript{123} According to the court, the defendant’s original intent to use the song could be evidence of an intent to capitalize on the goodwill associated with the title of the song, thereby demonstrating a lack of good faith.\textsuperscript{124}

Although the good faith requirement involves an inquiry into whether the defendant intended to create confusion as to the source or to capitalize on the mark holder’s goodwill, it does not necessarily follow that intentional copying indicates a lack of good faith. In \textit{Shakespeare v. Silstar}, the Court of Appeals for the Fourth Circuit considered whether a defendant that had copied the trademarked two-tone appearance of plaintiff’s fishing rod could successfully raise the fair use defense.\textsuperscript{125} In considering the good faith component of the defense, the court of appeals found no error in the district court’s conclusion that the defendant “did not act in bad faith, but had a legitimate non-predatory reason” for copying the appearance of the plaintiff’s product.\textsuperscript{126} The court referred to both the functional and descriptive characteristics of the product and analogized this fair use to the imitation of functional components the Supreme Court recognized in \textit{Inwood Laboratories, Inc. v. Ives Laboratories, Inc.}\textsuperscript{127}

The risk assumed by the mark holder in choosing a well-known phrase or a descriptive phrase is further reason for not entering into a likelihood of confusion analysis. When some confusion results, it is not necessarily an indication of the defendant’s bad faith but rather a reflection of the plaintiff’s lack of imagination that exposed him to the risk of creating confusion.\textsuperscript{128} Given that a producer has an opportunity to choose


\textsuperscript{124}Id. at *28-29.

\textsuperscript{125}See Shakespeare, 110 F.3d at 238-39.

\textsuperscript{126}Id. at 240.

\textsuperscript{127}Id. (citing Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 857-58 n.20 (1982) (“by establishing ... that uniform capsule colors served a functional purpose, the petitioners offered a legitimate reason for producing an imitative product”)); see also Bonito Boats v. Thundercraft Boats, 489 U.S. 141, 164 (1989) (holding there was no intent to deceive when one party had a legal right to copy a functional feature); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 22 cmt. c (1995) ("If the actor reasonably believes that the other's designation is functional . . . proof that the actor intentionally copied the other's designation does not justify an inference of confusion.").

\textsuperscript{128}See Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond's USA Co., 125 F.3d 28, 30 (2d Cir. 1997).
distinctive marks and the fact that the requirements of fair use adequately consider consumer confusion and the mark holder's goodwill, it is redundant, unnecessarily confusing, and prejudicial to the defendant asserting fair use to add additional likelihood of confusion analysis.

B. An Argument for a Broad Reading of KP II

Although the Supreme Court's decision does not go as far as it could have in explaining the reach of the fair use defense, lower courts should consider the decision as one which continues the Court's tendency to restrain trademark protection in favor of protecting competition. A broad reading of the fair use defense serves several important functions: it mitigates harsh results from the incontestability provision of the Lanham Act, it alleviates concerns about trademark protection impinging on free speech, and it should allay concerns about free riding. Finally, by signaling that producers should favor strong, distinctive marks, the Court may encourage investment in such marks. Even though encouraging investment in trademarks may seem to be at odds with the Court's overall trend of reining in trademark protection, promoting strong marks eliminates confusion and benefits both consumers and competitors.

1. Protecting Competition

The Supreme Court's decision in KP II continues its trend to protect the interests of competition and to rein in the excesses of trademark protection. Even in cases in which the Court has arguably expanded trademark protection, it has been mindful of protecting descriptive and nontrademark uses. In Qualitex Co. v. Jacobson Products Co., the Court expanded trademark protection by holding that color alone can be

129 See Dinwoodie, supra note 2, at 206–07. In predicting the outcome of the KP II decision, Professor Dinwoodie suggested that the "Court is clearly moving toward a narrower view of trademark law" and that "certainty for competitors" appears to be an important value for the Court. Id. According to Professor Dinwoodie, the importance of certainty for competitors is evident in the Wal-Mart case, which increased certainty for competitors to dismiss strike suits; in Traffix, which increased certainty for competitors to use expired patents; and in Dastar, which increased competitors' certainty in copying and adapting public domain works. Id. at 207 (referring to the Supreme Court decisions Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205 (2000); Traffix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23 (2001); Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23 (2003)).

registered as a trademark, if it has acquired secondary meaning.\textsuperscript{131} The language limiting such use closely mirrors that in Section 1115(b)(4). In \textit{Qualitex}, the Court stated that "where color serves a significant nontrademark function \ldots courts will examine whether its use as a mark would permit one competitor \ldots to interfere with legitimate (nontrademark-related) competition through actual or potential exclusive use of an important product ingredient."\textsuperscript{132} In \textit{Wal-Mart Stores v. Samara Brothers},\textsuperscript{133} the Court held that product designs may not be characterized as inherently distinctive.\textsuperscript{134} Finding that "inherently source-identifying design" was unlikely, the Court found that the risk of deterring competition through suits alleging inherent distinctiveness was "not worth the candle."\textsuperscript{135} In \textit{Traffix Devices Inc. v. Marketing Displays Inc.},\textsuperscript{136} the Court protected competition by holding that when a product feature is disclosed in a utility patent, there is a strong presumption that the feature is functional, and, therefore, not protected trade dress.\textsuperscript{137}

The Court continues to show its interests in preserving competition and in recognizing distinctiveness as the essential ingredients of trademark protection in the \textit{KP II} decision. The case for preventing monopolization of descriptive terms through trademark protection is at least as compelling as that for preventing monopolization of functional features. Although functional features may enjoy limited protection under the patent laws, they are not entitled to receive trademark protection by means of acquiring secondary meaning.\textsuperscript{138} Because descriptive terms may, however, acquire secondary meaning, the fair use defense is essential to determine whether a mark holder who has presumably acquired exclusive rights to use such terms, is unfairly excluding competitors.\textsuperscript{139}

\begin{small}
\textsuperscript{131}Id. at 162.
\textsuperscript{132}Id. at 170.
\textsuperscript{133}529 U.S. 205 (2000).
\textsuperscript{134}Id. at 212.
\textsuperscript{135}Id. at 214.
\textsuperscript{136}532 U.S. 23 (2001).
\textsuperscript{137}Id. at 30.
\textsuperscript{138}See id. at 26.
\textsuperscript{139}Discussing the propertization of trademarks rights, Professor Lemley maintains that trademark law has recognized rights that the law never intended:
\end{small}
2. Mitigating the Impact of Incontestability

When one party is allowed to monopolize a descriptive term, it creates unfair barriers of entry for competitors because the competitor who is deprived of the right to use descriptive terms must exert a greater effort to communicate the same information. At common law, descriptive terms could not receive trademark protection. The Lanham Act, however, "significantly changed and liberalized the common law" of trademarks by allowing descriptive terms to be registered if they have acquired secondary meaning and to become incontestable if they have been registered and in commercial use for a period of five years.

The requirement that descriptive marks acquire secondary meaning in order to receive trademark protection recognizes the need to balance the unfair advantage given to one who monopolizes descriptive language with the need to protect the goodwill of one who has used the descriptive term to identify particular goods or services. Allowing such marks to gain incontestable status has been justified as a means of quieting title to a particular mark. Nevertheless, the incontestability provision has also been criticized as contrary to the goals of trademark protection because incontestability benefits only the mark holder without any concomitant benefit to consumers or competition. In his dissenting opinion to the Park'N Fly case, Justice Stevens stated that "no one ever suggested that any public purpose would be served by granting incontestable status to a mark

Trademark law, which was once limited to protecting against consumer confusion, has increasingly taken on the character of a property right, with the result that the trademark "owners" now have the power to prevent various kinds of uses of their marks, regardless of whether consumers will be confused or search costs increased. Lemley, supra note 10, at 1045.


that should never have been accepted for registration in the first instance.\textsuperscript{144}

The facts of KP II raise the precise issues that worried Justice Stevens in the Park'N Fly case. In his dissenting opinion, Justice Stevens explained that a merely descriptive mark that has not acquired secondary meaning serves no legislative purpose.\textsuperscript{145} Without secondary meaning, he maintained, the mark does not serve its statutory function of safeguarding the goodwill associated with a particular producer.\textsuperscript{146} In KP I, Lasting registered the term “micro color” as part of its logo in 1993 and the mark became incontestable in 1999. The incontestable status of Lasting's mark is troublesome because the district court found that the term had not acquired secondary meaning.\textsuperscript{147}

Proper application of the fair use defense should correct the problems associated with registration of a descriptive mark that has not acquired secondary meaning. The incontestability of a mark is never truly incontestable, as the Supreme Court has made clear. The holder of an incontestable mark still must prove likelihood of confusion in an infringement case.\textsuperscript{148} Furthermore, incontestable marks are subject to the defenses listed in Section 1115(b)(4), which include the fair use defense. Consequently, when the fair use defense is applied properly, any unfairness inherent in the incontestability allowance should be mitigated.\textsuperscript{149} A descriptive mark that has not acquired secondary meaning, but has nevertheless attained a presumption of secondary meaning because it has been registered and meets the requirement of incontestability, should be fair game for fair use. In taking on the descriptive mark that never should have been registered, the fair use defense can prevent disadvantages to competitors who are denied the use of descriptive terms in

\begin{itemize}
\item \textsuperscript{144}Id. at 208 (Stevens, J., dissenting).
\item \textsuperscript{145}Id. at 207.
\item \textsuperscript{146}Id.
\item \textsuperscript{147}See KP I, 328 F.3d 1061, 1066 (9th Cir. 2002).
\item \textsuperscript{148}KP II, 125 S. Ct. 542, 547-48 (2004).
\item \textsuperscript{149}See Naresh, supra note 141, at 979-82 (suggesting that the defenses in the Lanham Act may soften the impact of incontestability); see also Dinwoodie, supra note 2, at 209 ("A broad fair use defense might be perceived as a way of cutting back on the supposed property-like effects of incontestability . . . .").
\end{itemize}
marketing their products. In doing so, fair use also prevents consumers from being denied useful market information.

3. Preventing Free Speech Concerns

A strong fair use defense also alleviates concerns about unnecessary restrictions on free speech. Professor Ramsey argues that “a limited and uncertain fair use defense” leads competitors to “self-censor their commercial expression rather than risk the cost and inconvenience of having to defend a trademark infringement action.” Ramsey would deny protection to all descriptive terms on the grounds that the trademark laws unconstitutionally restrain speech. While it is unlikely that Congress or the courts will overturn the protection of descriptive marks, the arguments in favor of such cancellation have merit. A strong fair use defense is a more palatable response to First Amendment concerns than cancellation of all descriptive marks.

150See Ramsey, supra note 140, at 1169. Ramsey argues that “descriptive marks should be … eliminated from trademark protection.” Id. at 1169-71. According to Ramsey, legislatures should not allow registration of descriptive marks and should not allow infringement, dilution, unfair competition, or cybersquatting actions based on rights in descriptive marks. Id. at 1169. Ramsey maintains that laws protecting exclusive use of descriptive language cannot survive scrutiny under the test for commercial speech articulated by the U.S. Supreme Court in Central Hudson Gas & Electric Corp. v. Public Service Commission, 447 U.S. 557 (1980). See id. at 1147-69; see also Lemley, supra note 19, at 1710-11 (discussing how the expansion of trademark protection has impacted freedom of expression).

151See Ramsey, supra note 140, at 1169.

152See Rochelle Cooper Dreyfuss, Expressive Genericity: Trademarks as Language in the Pepsi Generation, 65 NOTRE DAME L. REV. 397 (1990). Professor Dreyfuss argues that trademark law has developed in a manner that provides “inadequate access to the expressive dimension of trademarks.” Id. at 399. She maintains that “although the Constitution supplies a normative principle favoring public access to the tools of expression, the body of law that has developed under the first amendment provides a surprisingly uncongenial framework for analysis.” Id. at 398.

153First Amendment concerns also have been raised in connection with the Federal Trademark Dilution Act of 1995. 15 U.S.C. §§ 1125(c), 1127. Overly broad interpretation of the Act may lead to questions about whether the Act regulates commercial speech in a manner that is not narrowly tailored to serve a substantial government interest. See Brian A. Jacobs, Trademark Dilution on the Constitutional Edge, 104 COLUM. L. REV. 161 (2004).
4. Alleviating Concerns About Free Riding

Free riding is a concern that some courts and commentators have raised in connection with fair use. If a junior user is entitled by operation of the fair use defense to use the same or similar language as a senior user, there is concern that the junior user benefits unfairly from the goodwill of the senior user and captures benefits or value that should properly belong only to the senior user or trademark holder. The counterargument is that there is no justification for eliminating free riding because the purpose of trademark law “has never been to maximize profits for trademark owners at the expense of competitors and consumers.” As Lemley has cautioned, courts should steer clear of the assumption that “all enrichment derived from use of an intellectual property right is necessarily unjust.”

The economic arguments against eliminating free riding are bolstered by more mundane arguments about who prompted the free ride. The junior user who successfully invokes the fair use defense has proved that he has a legal right to the free ride. Moreover, as the Supreme Court suggests in *KP II*, the senior user who chooses a descriptive or well-known phrase as a mark has invited the junior user to ride free.

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154See, e.g., *Shakespeare Co. v. Silstar Corp. of Am.*, 110 F.3d 234, 241 (4th Cir. 1997) (finding presumption of likelihood of confusion is appropriate only if “defendant’s intent is to ‘free ride’ on plaintiff’s goodwill”); *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1061 (7th Cir. 1995) (“Ocean Spray was not taking a free ride on a phrase given prominence and meaning by others….”).

155See Lemley, *supra* note 10. Lemley explains: “The rationale here isn’t generally that the intellectual property owner has been harmed, but that the defendant has benefited, and that the benefit involves taking something that doesn’t belong to them.” *Id.* at 1045. Chief Breyer explained this concept in *WCVB-TV v. Boston Athletic Assn.*, 926 F.2d 42 (1st Cir. 1991). Discussing free riding in the trademark context, Judge Breyer explained that “the law *sometimes* protects investors from the ‘free riding’ of others; and *sometimes* it does not.” *WCVB-TV*, 926 F.2d at 45. Judge Breyer offers the following example to illustrate the same point that Lemley makes regarding the lack of property rights in trademark: “[T]he man who clears a swamp, the developer of a neighborhood, the academic scientist, the school teacher, and millions of others, each day create “value” (over and above what they are paid) that the law permits others to receive without charge.” *Id.*

156Lemley, *supra* note 19, at 1044.

157*KP II*, 125 S. Ct. 542, 550 (2004) (“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.”) (citing *Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond’s USA Co.*, 125 F.3d 28, 30 (2d Cir. 1997)).
5. The Case for Strong Marks

The *KP II* decision also continues the Court’s trend to encourage producers to choose strong, distinctive marks. Strong marks eliminate many of the problems associated with sorting out fair use and likelihood of confusion because the interests are easier to distinguish. By encouraging the selection of strong marks, the Court may hope to reduce close calls between infringement and fair use.

Professor Stephen L. Carter refers to trademarks as part of the “market language” by which “firms speak to consumers.”¹⁵⁸ He maintains that “as a mark becomes stronger, the case for permitting its removal from the market language becomes easier to make.”¹⁵⁹ Strong marks are justifiably removed from the market language, according to Carter, because they provide clear gains for consumers, as source-identifying, information-providing devices.¹⁶⁰ Pursuing Carter’s reasoning, stronger marks would lead to fewer claims of fair use.

Liberal application of the fair use doctrine should discourage producers from selecting descriptive marks which are weak, in favor of arbitrary or fanciful marks which are strong. Strong marks minimize confusion by eliminating the possibility that competitors will be able to legally use the same mark. Consumers also benefit from strong marks because when competitors are free to use language and images to communicate information about their products or services, the public gains more useful market information.¹⁶¹

¹⁵⁸See Carter, supra note 140, at 760 (arguing that “allowing protection of marks devoid of market significance may raise substantial barriers to entry by competitors”); see also Dinwoodie, supra note 2, at 194 (maintaining that distinctiveness has been one of the principal subjects of the recent Supreme Court law).

¹⁵⁹Carter, supra note 140, at 760.

¹⁶⁰Id. at 763. According to Carter, “successful marks are like packets of information. They lower consumer search costs, thus promoting the efficient functioning of the market.” Id. at 759.

¹⁶¹See generally Chiappetta, supra note 8, at 70–71. Chiappetta proposes a new paradigm for trademark law which “maximize[s] social value by creating incentive for investment while ensuring confusion avoidance.” Id. at 35. Chiappetta’s argument for encouraging investment in trademark would promote selection of a strong, distinctive mark at the outset rather than relying on developing secondary meaning in a descriptive term. This argument recognizes descriptive terms as “superior” in the sense that they have the ability to inform through description. According to Chiappetta, eliminating protection for descriptive marks would strengthen the case for a trademark regime that encourages investment in trademarks. See generally Chiappetta, supra note 8.
VI. CONCLUSION

As descriptive marks have gained greater protection under trademark law, the role of fair use as a guardian of competitors’ rights to use language and images in a descriptive, nontrademark, good faith manner was at risk of being overshadowed by concern with the likelihood of customer confusion and fear of free riding. In *KP II*, the U.S. Supreme Court administers a dose of common sense to trademark protection by recognizing that an alleged infringer may fairly use a trademarked term even if some consumer confusion results from the use. Although the Court’s decision suggests that the extent of confusion caused by the use may be a factor to consider in fair use analysis, the lower courts should not overemphasize this point. Rather, courts should be mindful that the statutory scheme already contemplates the appropriate balance between consumer confusion and competition. Consequently, courts should not engage in balancing tests that overemphasize likelihood of confusion and diminish the role of fair use in preserving competition. In applying the fair use test, it makes no sense to develop a laundry list of additional factors when the statute already sets forth the criteria necessary to prove fair use. Furthermore, the Supreme Court has made it clear that producers may avoid any perceived disadvantage from free riding by choosing distinctive marks.