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**THE PRACTICAL SIGNIFICANCE OF THE SUPREME
COURT DECISION IN *KP PERMANENT MAKE-UP,
INC. v. LASTING IMPRESSION I, INC.***

*By Michael Machat**

I. INTRODUCTION

KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.,¹ perhaps one day will be referred to in law schools as the follow-up case to *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*² In *Park 'N Fly*, the Court held that in an infringement action involving an incontestable mark, one could not defend on the ground that the mark is merely descriptive or, put differently, the Court held one could not argue that an incontestable mark lacks secondary meaning.³ The dissent raised serious concerns about the potential anti-competitive effects the decision would have on commercial speech by not allowing a defendant to challenge the secondary meaning of a clearly descriptive mark that inadvertently escaped the attention of the trademark Examining Attorney and through time has become incontestable. One of the unfortunate by-products of the *Park 'N Fly* case was that the owner of an incontestable mark consisting of the two most useful and descriptive words one would want to use in describing an airport parking lot business, park and fly, was able to prevent its competitors from using those descriptive words merely because the registrant was the first to obtain a registration and the registration, through passage of time, became incontestable.

In rendering its decision in *Park 'N Fly*, the majority did not address whether or not the words “park” and “fly” were or had become merely descriptive.⁴ Moreover, the issue of whether or not the alleged infringer, Dollar Park and Fly, was nevertheless

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1. 125 S. Ct. 542 (2004).

2. 469 U.S. 189, 194, 105 S. Ct. 658, 661, 83 L. Ed. 2d 582 (1985).

3. *Id.* at 205.

4. *Id.* at 199.

entitled to invoke the fair use defense, as codified in 15 U.S.C. § 1115(b)(4), was not discussed either.⁵

There are various similarities between *Park 'N Fly* and *KP Permanent Make-Up*. Both cases involved registered marks that had become incontestable, and both cases involved a logo mark. More significantly, both cases concerned descriptive words that had become part of a registered trademark. The Court used *KP Permanent Make-Up* to limit the potential commercial monopolization of descriptive terms. The Court adhered to a strict interpretation of the statute and ruled that a district court is not required to undergo a likelihood of confusion analysis when deciding if use of a disputed term is fair use. By doing so, the Court lessened the potential damaging impact that a clearly descriptive incontestable trademark granted through error will have on commercial speech. If the Court had gone the other way and followed the Ninth Circuit's interpretation (as will be discussed below), the owner of a clearly descriptive incontestable mark would have had far greater rights to descriptive words than imagined by Congress.

Before delving deeper into the implications of the Supreme Court decision, this paper will first review the underlying facts of the case and provide a brief synopsis of the decision itself. Then the elements of the fair use defense will be reviewed, followed by an explanation of a paradoxical phenomenon in which evidence of confusion can demonstrate lack of secondary meaning. Next discussed will be the potentially confusing nature of design marks and the dangers to free speech that were avoided by the Supreme Court's reversal in this case. Finally, some practice pointers will be presented.

II. UNDERLYING FACTS

The parties in *KP Permanent Make-Up* are competitors in the field of micropigmentation, which is more commonly known as permanent make-up. Permanent make-up is similar to a tattoo, in that both are created by injecting pigment into the skin. Tattoos are, of course, meant to stand out and be noticed, whereas permanent make-up is used for cosmetic purposes, such as enhancing eyebrows or hiding a scar.

The essential facts of *KP Permanent Make-Up* were undisputed. KP had been using the term "microcolors" to describe its selection of pigment colors on flyers and on pigment bottles

5. Perhaps the reason fair use was not raised is simply because the underlying dispute arose within the Ninth Circuit, and with the district court having found a likelihood of confusion, the fair use defense would not have been available within that Circuit at that time.

since at least 1991. Lasting applied for a trademark registration of a mark consisting of a stylized formulation of the words “micro colors” in 1992. In 1993, the United States Patent and Trademark Office (USPTO) issued a trademark registration for Lasting’s logo mark.

In 1999, Lasting’s trademark became incontestable. That same year, KP expanded its use of the phrase “microcolors” by using the term “micro colors” on part of its brochure. Lasting sent KP a cease and desist letter demanding that KP stop using the term “micro colors.” Instead, KP filed suit for declaratory relief.

The parties filed cross motions for summary judgment and/or summary adjudication. The district court denied Lasting’s motion for summary adjudication and granted KP’s motion for summary judgment, finding that the term “micro colors” is generic, and if not generic, then descriptive.⁶ The district court then determined that neither party had acquired secondary meaning in the term “micro colors.” Finally, the district court found that KP’s use was protected under the fair use defense,⁷ noting that Lasting had conceded that KP used the term “micro colors” in a descriptive sense and not as a trademark,⁸ and that, because KP had been using the mark since 1990, its use was fair. The district court stopped there, and concluded it need not go further and make a determination of likelihood of confusion or address the prior use defense.

The district court also found that the entire logo containing the term “micro colors” was valid and protected but that the words “micro colors” on their own were not. The district court recognized that Lasting’s registered logo mark was incontestable, but it held that the logo mark’s incontestable status did not apply to the term “micro colors” because the registration was for the “micro colors” logo and not merely the term.

On appeal, the Ninth Circuit reversed and remanded the matter for trial on the issue of likelihood of confusion. First, the appellate court disagreed with the district court’s findings that “micro colors” was generic and that Lasting itself had used the term “micro colors” in a generic sense. Second, the appellate court ruled that the district court erred in requiring Lasting to

6. The district court agreed with KP’s logic that since Lasting admitted both that “micropigmentation” and “pigmentation” are synonyms, and “pigment” and “colors” are used interchangeably in the industry, “one can naturally conclude that micro colors and micro pigments are also synonyms.” (Pet. App. 25a.) The district court also agreed with KP that when industry competitor Tattooing printed its October 1998 brochure, it too used “micro colors” as a generic term, as in: OUR MICRO COLORS ARE THE BEST IN THE WORLD. The Ninth Circuit did not discuss these points in its decision reversing the district court.

7. 15 U.S.C. § 1115(b)(4).

8. Pet. App. 29a.

demonstrate secondary meaning in the term “micro colors” apart from the logo mark, ruling that the district court misapplied the Supreme Court decision of *Park 'N Fly*. Third, the Ninth Circuit ruled that before concluding that KP’s use of the term “micro colors” fell within the ambit of the fair use defense, the district court should have first conducted a likelihood of confusion analysis, because in the Ninth Circuit’s view, there could not be both a fair use and a confusing use.

III. THE DECISION IN BRIEF

In deciding the issue in *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, the Supreme Court focused on the plain meaning of the Lanham Act, looked at the normal course of litigation in a trademark infringement action and reviewed common law precedent. The Supreme Court concluded that KP had no burden to negate any likelihood that its use of the term “micro colors” would confuse consumers about the origin of its goods. Specifically, the Supreme Court held:

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’ 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. *Canal Co. v. Clark, supra*, at 323–324, 327. 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.” . . . 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, 2 McCarthy, *supra*, § 11:45 (“The only aspect of the mark which is given legal protection is that

penumbra or fringe of secondary meaning which surrounds the old descriptive word”).⁹

IV. ELEMENTS OF THE FAIR USE DEFENSE

The fair use defense requires proof of just three elements: (1) that the term not be used as a mark; (2) that it be used fairly and in good faith; and (3) that it be used descriptively.¹⁰ Although the Court ruled that an absence of likelihood of confusion was not an element of the fair use defense, the Supreme Court did not go so far as to say that confusion is entirely irrelevant:

While we thus recognize that mere risk of confusion will not rule out fair use, we think it would be improvident to go further in this case, for deciding anything more would take us beyond the Ninth Circuit’s consideration of the subject. It suffices to realize that 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.¹¹

As discussed below, evidence of confusion is relevant to determine if the three statutory elements have been met.

A. Use of the Term Not as a Mark

The first element of the fair use defense requires that the proponent of the defense not use the disputed term as a mark. Usually, when a defendant is using the disputed term as a mark, there will also likely be confusion. Because of this consequence, courts have sometimes correctly denied the fair use defense, but for the wrong reason.

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.”¹²

An issue concerning this first element typically arises in the context where the proponent of the defense uses the disputed term

9. *KP Permanent Make-Up*, 125 S. Ct. at 550.

10. 15 U.S.C. § 1115(b)(4).

11. 125 S. Ct. at 550.

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

after or adjacent to the proponent's trademark. An example of this is found in *Leathersmith of London, Ltd. v. Alleyn*,¹³ in which the plaintiff had a registration for the word LEATHERSMITH and the defendant called its business TANTALUS Custom Leathersmiths and Bookbinders.¹⁴ The use was found to be fair.¹⁵

B. Use of the Term Only to Describe Goods or Services

The third element of the fair use defense, "use of the term is only to describe goods or services" is almost the inverse of the first element. If the disputed term is being used as a mark, then it probably is not being used only to describe goods or services. And if the disputed term is being used only to describe goods or services, then it is probably not being used as a mark. In this regard, it has been held that "emphasis of a descriptive term on packaging does not show that the term is being used as a trademark."¹⁶ Also, the use of a mark to attract public attention is not necessarily use as a trademark.¹⁷ "Virtually every aspect of a product's trade dress is intended to catch the eye of the purchaser. Unless attention is drawn to the particular word or terms as being indicative of source of origin of that product, the term is not being used as a trademark."¹⁸

C. Used Fairly and in Good Faith

The meaning of the "used fairly and in good faith" element of the fair use defense was not fully decided in *KP Permanent Make-Up*. The Court cited some factors identified by the *Restatement* and agreed that the government's concern for accuracy was indeed important. How much confusion is tolerable appears to be a matter to be decided on a case-by-case basis.

The comments to the *Restatement (Third) of Unfair Competition* describe both "Manner of Use" and "Good Faith." In discussing good faith, the *Restatement* makes reference to the intent of the actor: "However, if the evidence establishes that the subsequent user intends to trade on the good will of the trademark owner by creating confusion as to source or sponsorship, the use is not in good faith." And the *Restatement* points out that,

13. 695 F.2d 27 (1st Cir. 1982).

14. *Id.* at 29.

15. *Id.* at 30-31.

16. *Eli Lilly and Co. v. Revlon, Inc.*, 577 F. Supp. 477, 486 (S.D.N.Y. 1983).

17. *Citrus Group, Inc. v. Cadbury Beverages, Inc.*, 781 F. Supp. 386, 391-92. (D. Md. 1991).

18. *In re Schmid Laboratories v. Youngs Drug Products Corp.*, 482 F. Supp. 14, 20-21 (D.N.J. 1979).

“Knowledge of a prior trademark use of the term does not in itself prove a lack of good faith.”¹⁹

In describing manner of use, the *Restatement* discusses the prominence of the use of the descriptive term, the presence of the defendant’s own trademark in conjunction with the descriptive term, the physical nature of the use, the degree to which the descriptive meaning of the term is relevant to the goods of the subsequent user, whether or not the term is only marginally descriptive and the absence of alternative terms capable of adequately describing the pertinent characteristic.²⁰

D. When Confusion Is Due to the Weakness of a Mark and Its Lack of Secondary Meaning

It is important to remember the distinction between likelihood of confusion and actual confusion. The first is a conclusion of law, and the latter a fact. That actual confusion is one of the elements of likelihood of confusion makes the situation somewhat more confusing.²¹ But it is quite possible for there to be abundant actual confusion as a result of someone’s descriptive use of a mark and for that descriptive use still to fall squarely within the boundaries of the “fair use” defense.

Stated differently, it is possible for one to use a term descriptively, other than as a mark, fairly and in good faith, and for there to be abundant resulting confusion. In these cases, the confusion sometimes results, not due to the strength of a plaintiff’s mark, but rather due to its weakness. The plaintiff’s mark may also be so weak that it does not function (or hardly functions) as a mark, and any resulting likelihood of confusion would be due to a lack of secondary meaning in the mark. The LITE trademark of Miller (U.S. Trademark Registration No. 1385379), where the trademark registration is limited to the logo form of the word “lite,” is an example. The logo may be a strong mark, but obviously the word apart from the logo is weak. Similarly, any possible confusion that might result in the use of just the words “micro colors” would be attributable to the weakness of the mark and its lack of secondary meaning.

19. *Restatement (Third) of Unfair Competition* cmt. d (1995).

20. *Id.*, cmt. c.

21. The Ninth Circuit generally relies on an eight-factor test in determining whether a likelihood of confusion exists. *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979). Those factors are: 1) the strength of the mark; 2) proximity or relatedness of the goods; 3) the similarity of the marks; 4) evidence of actual confusion; 5) the marketing channels used; 6) the degree of care customers are likely to exercise in purchasing the goods; 7) the defendant’s intent in selecting the mark; and 8) the likelihood of expansion into other markets.

Miller actually did attempt to acquire monopoly rights to the word “lite” alone.²² Fortunately, common sense prevailed, and although Miller subsequently obtained an incontestable trademark registration in the LITE logo, the trademark rights in the registration only attach to the logo and not the word “lite” apart from the logo. However, had the trademark application slipped through the USPTO without Miller being required to disclaim the word “lite,” then Miller would be in the same position as Lasting and might have tried to claim a monopoly for the word “lite” when used to describe beer.

V. THE POTENTIALLY CONFUSING NATURE OF DESIGN MARKS

There are various design marks (or logo marks) that incorporate generic and/or descriptive words within their design that have been registered. In some cases, the USPTO requires the trademark applicant to disclaim the exclusive right to the obviously descriptive term contained within the mark, as in LITE owned by Miller (U.S. Trademark Reg. No. 1385379), SWEATS (now expired U.S. Trademark Reg. No. 1235727), BEST BUY (U.S. Trademark Reg. Nos. 1657622, 2196852) and MICRO NEEDLES (Jt. App. 215-16). Sometimes descriptive terms within a logo mark escape the attention of the Examining Attorney and the logo mark with the descriptive term is registered without a disclaimer. Examples of this include BEST BUY (U.S. Trademark Reg. No. 2539223),²³ BEST FOODS (U.S. Trademark Reg. No. 0565259), and MICRO COLORS (Jt. App. 211).

The existence of such trademark registrations raises some serious anti-competitive concerns. There are only so many words in the dictionary, and it would naturally cause problems if competitors were reluctant to describe their food or goods as the “best” because someone had already claimed a monopoly on that word as a result of a trademark registration. The fact that such a monopoly on the use of a descriptive word would create problems for competitors is one of the very reasons why businesses seek to register descriptive and/or generic words in the first place. There are economic incentives, as well. By incorporating a descriptive word inside a logo or product name, it becomes less expensive to advertise and inform consumers exactly what is being offered for sale than would be the case if a business were to choose a purely

22. *Miller Brewing Company v. G. Heileman Brewing Company, Inc.*, 561 F.2d 75 (7th Cir. 1977), cert. denied, 434 U.S. 1025, 98 S. Ct. 751, 54 L. Ed. 2d 772 (1978).

23. As we see in the case of Best Buy, the same mark was accorded different status by different examiners. The newest registration does not require a disclaimer as to the words best buy, but the older ones do.

arbitrary word. However, there is a trade-off. By choosing a descriptive word, the business accepts the possibility that it will be confused with other businesses that also elect to use a similar or the same descriptive word.

The word “best” is probably one of the most sought after descriptive words in business marketing. The consumer electronics store Best Buy adopted the name and obtained a trademark registration of a logo featuring the words BEST BUY inside a design that appears to be a price tag. The company was at first required to disclaim the use of the words “best buy” apart from the logo. (U.S. Trademark Reg. Nos. 1657622, 2196852). Some years later, the Best Buy company registered a different but similar logo mark. This mark also contained the words BEST BUY, but the price tag had legs and arms. For this later registration, the USPTO inexplicably did not require the Best Buy company to disclaim the words “best buy.” (U.S. Trademark Registration No. 2539223 and Serial Number 75936029).

Now consider the following scenario. A competitor of Best Buy, Mark’s Electronics, airs a radio advertisement stating, “Go to Mark’s Electronics for the best buy in stereo or computer equipment,” or “For the best buy in computer or stereo equipment, go to Mark’s Electronics at 123 Main Street.” The Best Buy company might sue, claiming a likelihood of confusion. Assuming there is a likelihood of confusion and Mark’s Electronics uses the words “best buy” to truthfully describe its own goods and services and not as a mark, and in good faith (because Mark’s Electronics actually has the best buys, not Best Buy), the question remains, is it fair to prevent Mark’s Electronics from telling the world that it has the best buys in consumer electronics?

Taking the scenario a step further, suppose that the Best Buy chain decided to raise its prices so that Best Buy actually offered shoppers the worst buy in consumer electronics. Under this scenario, if the Supreme Court had affirmed the Ninth Circuit, then words such as “best buy” could have lost their ordinary meaning. Someone with a trademark like BEST BUY could actually have the worst buy and prevent competitors from advertising that the competitors actually have the best buy.

These two scenarios illustrate the purpose of the words “used fairly” as contained within the text of 15 U.S.C. §1115(b)(4). Applying the statute to the scenarios, one imagines that a court would consider the free speech issue, in conjunction with “used fairly and in good faith,” and rule that: (1) it is fair to allow Mark’s Electronics to use the words “best buy”; (2) best buy is a common descriptive phrase; and (3) the retail chain Best Buy must or should have known confusion was likely to occur if it selected such common descriptive words as a trademark, and therefore assumed

the risk that confusion would result in its attempt to monopolize such routinely-used descriptive words.

Returning now to the Best Buy example, suppose Mark's Electronics actually offered consumers one of the worst buys as opposed to "the best buy" or "one of the best buys," and Mark's Electronics advertised that it was the place to go for the best buy purely to play off the likely confusion with the chain Best Buy. In this scenario, Mark's Electronics' use of the words "best buy" would not be in good faith and one might argue it would be unfair to allow Mark's Electronics to avail itself of the fair use defense.

The foregoing scenarios demonstrate that different outcomes will result based on the intent of the user. In the first two instances, there was good faith, so it was fair to let Mark's Electronics use the words "best buy," despite the likelihood of confusion. In the last example, Mark's Electronics did not act in good faith, and it would arguably be unfair to allow Mark's Electronics to deceive the public. The word "fair" is integral to the words good faith. What if a descriptive term is used in good faith, but arguably not fairly? One potential scenario: Suppose Mark's Electronics advertises its store as the place to go for the best buy, believing that its ad is true in good faith, but as it turns out, Best Buy actually has the best buy. Here, good faith is met, but is it fair to allow Mark's Electronics to advertise in this way? Whether yes or no, the relevant issue is one of fairness, not likelihood of confusion. Confusion is just a consideration, not a deciding factor.

The United States government filed an amicus brief in the *KP Permanent Make-Up* case, siding with petitioner KP, taking the position that "used fairly" refers to the relative accuracy of the use of the descriptive term. Under that standard, because it would not be accurate for Mark's Electronics to advertise it had the best price, the use would be considered not fair. The government also raised the examples of an advertisement for the fattening dessert TWINKIES cake that it was a HEALTHY CHOICE as another example of a bad faith use of a descriptive term that is also a trademark.

Of course, these dilemmas occur almost exclusively with descriptive marks that have obtained secondary meaning. It is hard to imagine a scenario where the fair use defense would apply to an arbitrary mark. For example, APPLE is the well-known trademark of the computer company. It is difficult to imagine a situation in which one could use the word "apple" in a descriptive sense to describe computers without intending to refer to the APPLE brand of computers. When you consider that the words "descriptive" and "describe" are written into the language of the

fair use defense, then it makes sense to conclude that the defense most likely arises only with respect to descriptive terms.²⁴

Nevertheless, envision Ted's Computer Manufacturing Company, which decides to come out with a range of colors for its computers, including blueberry blue and red apple. In its ads, it uses the word APPLE in large bold type, much larger and bolder than the rest of the type on the ad. Ted's Computer Manufacturing Company claims it is merely describing the colors of its computers. Is it fair to allow this company to do so? Or is Ted's Computer Manufacturing Company merely trying to take a free ride on the fame of Apple Computers? Wisely, the Supreme Court issued no bright-line rules as to the meaning of "used fairly" and "in good faith."

VI. AFFIRMANCE WOULD HAVE CHILLED COMMERCIAL FREE SPEECH

The Ninth Circuit's ruling, if affirmed, would have had disastrous effects on the Best Buy scenario. BEST BUY (U.S. Trademark Reg. No. 2539223) is a logo mark that contains the words "best buy" within what appears to be a price tag with arms and legs. Within a relatively short period of time, the mark will be eligible for incontestable status. At that time, Best Buy might be expected to take the position that the words "best buy" are the most prominent part of the mark and, pursuant to the doctrine of *Park 'N Fly*, have acquired secondary meaning. If the Ninth Circuit had not been reversed, any of Best Buy's competitors using the words "best buy" in their marketing would be required to prove an absence of likelihood of confusion if challenged by Best Buy. This would probably be an impossible task because confusion would likely result from the purely descriptive nature of the words "best buy." Hence the chain Best Buy might well have been able to remove the words "best buy" from the lexicon of its competitors. Worse, as a consequence of the Ninth Circuit's decision in *Playboy Enterprises, Inc. v. Netscape Communications, Corporation*,²⁵ Best Buy could take legal action against any individual wanting to use the words "best buy" as metatags on its website, or "keyword" advertisements to the words "best buy."

The facts in *KP Permanent Make-Up* presented a perfect illustration of the chilling effects an affirmance would have had on free speech. One of the companies that is a competitor to both KP

24. To avoid confusion with the fair use defense in copyright law, some people have advocated referring to the fair use defense in trademark law as the "descriptive use" defense, which may be considered a more accurate and useful identification.

25. 354 F.3d 1020 (9th Cir. 2004).

and Lasting Impression is named Tattooing, whose brochure appears in the joint appendix at Jt. App. 193-94. The Tattooing brochure, dated 10/24/98, boldly asserts that “Our Micro Colors are the Best in the World.” The use by Tattooing in this illustration is purely descriptive, if not generic. The statement appears unobtrusively as the first sentence in the first paragraph of the company description. On September 18, 2000, Tattooing promised Lasting’s counsel never again to use the words micro colors “in its course of business or *personal* affairs.”²⁶ Presumably, Tattooing yielded to this prohibition to avoid the threat of litigation by Lasting’s overreaching aggressive posture. The Supreme Court’s ruling in *KP Permanent Make-Up* provides assurance for companies like Tattooing that trademark owners can no longer intimidate them into relinquishing their rights to free speech.

The fair use defense is a safety valve designed to give the public confidence that aggressive trademark owners seeking to gain monopoly power over words will not have the power to interfere with the public’s ability to use words in their ordinary meaning in the course of their business and within the scope of their personal affairs.

When words that are descriptive are incorporated into trademarks or are themselves a trademark, confusion may be likely, not due to any secondary meaning the holder of such a descriptive mark may have acquired, but rather due to the purely descriptive nature of the mark. The only viable alternative that preserves commercial free speech is to uphold a robust fair use defense irrespective of likelihood of confusion. Only those adopting weak, descriptive marks need be concerned.

VII. PRACTICE NOTE: THE INTERPLAY BETWEEN THE FAIR USE DEFENSE AND THE PRIOR USE DEFENSE

KP Permanent Make-Up had a somewhat unusual twist in its facts that is perhaps more common than people realize. In the case of descriptive terms, it is possible that someone may obtain a trademark registration incorporating a descriptive term that others never bothered or thought to register since the word is descriptive. In *KP Permanent Make-Up*, KP had used the word “microcolor” prior to the date Lasting filed for its trademark registration. Early in the proceedings, in response to a motion for a temporary restraining order filed by Lasting, KP assembled evidence proving that KP was the prior user of the term, which was cited by the district court as a reason for denying the motion.

26. Emphasis added. Jt. App. 237.

Months later, Lasting sought to disprove the prior use defense claim by arguing that KP was not using the term “microcolors” as a trademark, but was instead using it descriptively and/or functionally. By doing so, Lasting was forced to concede two of the three elements of the fair use defense, leaving KP to prove only that its use was fair and in good faith. Practitioners in similar defensive positions may want to consider this strategy of placing the opponent in a position where it is forced to attack a prior use defense on the ground that the prior use was not as a trademark.

VIII. TRADEMARK PROTECTION IS NOT ABSOLUTE

Freedom of speech is embedded in the First Amendment to the U.S. Constitution, while the Constitution makes no direct reference to trademarks,²⁷ indicating that the founders of this country placed far more priority on freedom of speech than on giving limited monopolies in the choice of words to business owners. In most circumstances involving the use of trademarks, there does not appear to be any real conflict of values between preserving the rights of free speech, protecting consumers from confusion and allowing and encouraging businesses to build up good will in a brand name. The Lanham Act, and in particular the affirmative defenses to trademark infringement, embody a careful Congressional balance of competing legislative purposes—a carefully calibrated desire to enhance competition and the flow of information to consumers, as well as to prevent consumer confusion.

By refusing to sanction a reworking of the fair use defense in a manner that would permit plaintiffs to proscribe even the reasonable and good faith use of a term solely to describe a product, the Supreme Court has preserved the balance that Congress struck.

27. In fact, the Constitution makes no direct reference to trademarks. In *Trade-Mark Cases*, 100 U.S. 82, 25 L. Ed. 550 (1879), the Supreme Court rejected the argument that Congress has the power under the patent and copyright clause of the Constitution (art. 1 § 8 cl. 8) to regulate trademarks. This clause grants to Congress the power “to promote the progress of science and the useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.” The Supreme Court held that trademarks have no relation to invention and discovery or to original “writings,” as a trademark is “simply founded on priority of appropriation.” 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 5.3 (4th ed. 2004). The power of the federal government to provide for trademark registration comes only under its “Commerce Power.”