TRADEMARK FAIR USE & LIKELIHOOD OF CONFUSION

Richard L Kirkpatrick & Laura C. Gustafson
Int’l Info Sys v Security University,
823 F3d 153 (2d Cir 2016)
Fair Use – New Development - CISSP

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Fair Use - Background

- Fair use introduction
- Circuit split in approaches to nominative fair use
- Recent cases
Classic Fair Use

- Classic fair use
- A use, otherwise than as a mark, of a term or device that is descriptive of and used fairly and in good faith only to describe goods or services of a party, or their geographic origin
Classic Fair Use

- **Classic (descriptive) fair use** is an affirmative defense to infringement

- Examples:
  
  - **Sweet-tart** for juice drink flavor was found to be a fair use of those words and not an infringement of the mark SWEETTARTS for candy. *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055 (7th Cir. 1995)
Nominative Fair Use

- **Nominative fair use** is use of another party’s trademark to refer to that party’s goods [a non-trademark use of another’s trademark]

- Examples
  - News reporting/commentary
  - Resellers/distributors/brokers
  - Compatibility claims / repair or other services
  - Comparative advertising
First Amendment concerns

“Much useful social and commercial discourse would be all but impossible if speakers were under threat of an infringement lawsuit every time they made reference to a person, company or product by using its trademark. . . . Such nominative use of a mark — where the only word reasonably available to describe a particular thing is pressed into service — lies outside the strictures of trademark law.” *New Kids (9th Cir)*

“A trademark injunction, particularly one involving nominative fair use, can raise serious First Amendment concerns because it can interfere with truthful communication between buyers and sellers in the marketplace.” *Toyota (9th Cir)*

- USA Today and Star ran polls asking readers to call in to a pay (900) number to vote for their favorite New Kid. District court granted SJ on First Amendment grounds; 9th Cir affirmed.

- Established 3-pronged test:
  1. The product or service in question is one not readily identifiable without use of the trademark;
  2. Only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and,
  3. The user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.
Nominative Fair Use; Playboy v Welles

Playboy v Welles, 279 F3d 796 (9th Cir 2002)
Nominative Fair Use – Circuit Split

- 9th Circuit
- 2nd Circuit
- 3rd Circuit
Nominative Fair Use – 9th Circuit Approach

- Adopts unique test for nominative fair use cases, where 3-pronged test for confusion replaces standard Sleekcraft confusion factors.
- Defendant must show its use is nominative [i.e. that it used the mark to refer to the third party’s product/services].
- Burden then shifts to plaintiff to show the nominative use is not fair, i.e. to show a likelihood of confusion using the New Kids 3-pronged test. Analysis focuses on plaintiff’s ability to demonstrate:
  - If D product/service readily identifiable without use of the trademark;
  - If D used more than as is reasonably necessary to identify the product or service; and,
  - If D used mark in manner that suggests sponsorship or endorsement by the trademark holder.
Nominative Fair Use – 2nd Circuit Approach

- Rejects separate test, but adopts approach where 3-pronged test is factored into traditional Polaroid confusion factors [8+3]
- Defendant must show its use is nominative [i.e. that it used the mark to refer to the third party’s product/services].
- Burden shifts to plaintiff to prove a likelihood of confusion, using the standard Polaroid confusion factors, but particularly as applied to the elements of the 3-pronged New Kids test.
- The 3-pronged nominative fair use factors are used like a filter for consideration of the standard Polaroid factors.
Nominative Fair Use – 3rd Circuit Approach

- Nominative fair use is an **affirmative fair use** (like classic fair use); can block a claim even if confusion found; conceptually broadest scope
- Plaintiff must prove likelihood of confusion (using standard Lapp confusion factors)
- Burden then shifts to defendant to establish elements of defense:
  1. use of plaintiff’s mark is necessary to describe both the plaintiff’s product or service and the defendant’s product or service;
  2. defendant uses only so much of the plaintiff’s mark as is necessary to describe plaintiff’s product; and
  3. defendant’s statements reflect true and accurate relationship between plaintiff and defendant’s products or services.
Circuit Split – Does it matter?

- 9th/2nd – burden on plaintiff to prove use is not fair
- 3rd – burden on defendant to prove use is fair
- What comes around goes around
Defendant, independent auto brokers, used domain names <buy-a-lexus.com> and <buyorleaselexus.com> related to broker services for Lexus cars.
9th Circuit: *Toyota Motor Sales, USA, Inc. v. Tabari*, 610 F3d 1171 (9th Cir. 2010)

- District court applied traditional likelihood of confusion analysis and issued broad injunction barring use of “any domain name, service mark, trademark, trade name, meta tag or other commercial indication of origin that includes the mark LEXUS.”
- 9th Cir reversed and remanded, finding the blanket injunction an impermissibly broad restraint on free speech, noting injunction can reach only far enough to enjoin speech / uses that do not comply with the 3-pronged test
- Proper test is New Kids 3-pronged test [not traditional Sleekcraft factors]
Levi claimed Papikian infringed by (1) using the 501 mark in the domain names for 501USA.com and 501USA.net; (2) using it in his business name 501USA.com: A Division of Papikian Enterprises and 501USA: Jeans and Accessories; (3) using the Levi Strauss "Tab Device" trademark on and throughout the websites; (4) using the Levi’s mark throughout the websites; (5) using Levi Strauss trademarks in keyword metatags associated with the websites; and (6) using Levi Strauss trademarks for the purpose of generating search term priority and diverting customer attention to the websites.”

Court declined to grant defendant’s SJ motion but distinguished the case from Toyota, noting the many Levi marks used.

Court also denied Levi’s SJ (citing the highly factual nature of the inquiry)
Tiffany filed action against eBay for listing of counterfeit Tiffany products (claiming a “significant” portion was counterfeit and eBay should have known); claimed eBay earned $4.1 million in revenue from sale of real/fake Tiffany products from 2000-2004.
District court denied claims of direct infringement based on nominative fair use.

2nd Circuit affirmed, noting that “...a defendant may lawfully use a plaintiff's trademark where doing so is necessary to describe the plaintiff's product and does not imply a false affiliation or endorsement by the plaintiff of the defendant” while refusing to accept or reject the 9th circuit test.

- Plaintiff, IISSCC, owned certification mark for CISSP and claimed defendant’s use of “Master” CISSP violated certification mark, implying some higher degree of certification. Defendant was authorized to use CISSP (but not Master CISSP).

- Sample Ads

  - “MASTER THE 10 CISSP DOMAINS with the Master CISSP® Clement Dupuis.”
  - “Register for CISSP® Prep class with Master CISSP Clement Dupuis”
  - “Master CISSP June 27–30 AMERSTERDAM with MASTER CISSP® Instructor Clement Dupuis[.]”
District Court granted SJ to defendant, relying on nominative fair use, 9th Cir test

2nd Circuit reversed, holding that:
- Nominative fair use is not an *affirmative* defense
- Standard likelihood of confusion test (Polaroid factors) applies, though consideration should also be given to the factors in the 9th / 3rd Circuit 3-pronged tests [standard confusion test is not supplanted but supplemented]

“When assessing the second nominative fair use factor, courts are to consider whether the alleged infringer “step[ped] over the line into a likelihood of confusion by using the senior user's mark too prominently or too often, in terms of size, emphasis, or repetition.”

- Century 21, Coldwell Banker filed action against Lending Tree for its use of the CENTURY 21 marks

- Examples:
  - Image of Coldwell Banker “For Sale” sign with a woman, purporting to be a real estate agent, on LT website
  - LT will “give you access to a national network of brokers representing the country's leading real estate companies, including Coldwell Banker, ERA and Century 21.” [+bullet point list of many entities]
  - “LT is affiliated with more than 700 certified brokers such as Coldwell Banker, Century 21, Prudential, ERA and RE/MAX.”

- 3rd Circuit rejected 9th circuit approach and adopted approach where nominative fair use is an affirmative defense:
  
  (i) Plaintiff must prove likelihood of confusion [using standard confusion factors, but modified to eliminate factors that don’t apply]
  
  (ii) Then burden shifts to defendant to prove the use is “fair” by establishing 3-pronged elements of New Kids test (essentially)

- Court cited 4 standard LOC factors as relevant: price of goods and level of consumer care when purchasing; length of time defendant used mark without actual confusion; intent of D in adopting mark; and evidence of actual confusion.

- Injunction voided and case remanded to district court for review.
Aviva, an insurer, terminated Vazirani’s authorization to sell Avivalife insurance and annuity products.


- SJ to defendant on trademark infringement
- Not a commercial use
- “nominative use of Aviva’s trademark and trade dress is not likely to cause confusion when displayed with and imbedded in obvious negative commentary”
- Domain names not registered with “bad faith intent to profit”

- Beachbody sued based on comparative reference: [motion to dismiss on nominative fair use granted]
#Hashtags – trademark use? fair use?

- USPTO – protectable, maybe, if used as a TM
- USPTO has granted registrations for hashtag marks
  - #STEAKWORTHY for “restaurant services” (U.S. Reg. No. 4,695,901)
  - #MYCHASENATION for “entertainment services, namely, conducting motorsports racing events; regulating, governing and sanctioning motorsports racing” (U.S. Reg. No. 4,699,905)
  - #LIKEAGIRL for “providing information in the field of female empowerment, anti-gender discrimination via social media” (U.S. Reg. No. 4,785,927)
- 1000+ hashtag mark applications filed in 2015

- Parties jointly developed vaporizer pen product but then split
- Albanese owns registration for CLOUD PENZ; pending app for CLOUD PEN
- Parties reached settlement agreement: Eksouzian prohibited from using the words “cloud,” “cloud v” and/or “cloud vapes” in close association with the words “pen” and “penz” in connection with their products as a unitary trademark. Eksouzian prohibited from using the unitary mark CLOUD PENS, but not prohibited from accurately describing their product as a “pen.”
- Eksouzian used #cloudpen and #cloudpenz

MUST FOLLOW @CLOUDVAPES

- Share this photo
- Tag @cloudvapes in your post
- Use #cloudvapes #cloudv & #cloudpen in your post

***CLOUDV GIVEAWAY*** Here’s your FINAL chance to win the brand new CloudV non-spill Aqua XL Bubbler, a Cloud Platinum & a CloudV SnapBack! To be eligible you must: 1. Follow @cloudvapes 2. Re-post this photo. 3. Tag @cloudvapes in your post. 4. Use #cloudv #cloudvapes and #cloudpen in your post. Each user is limited to 1 post! Winner will be announced TODAY at 4PM on this comment thread!

- Court held no breach: “because hashtags are merely descriptive devices, not trademarks, unitary or otherwise, in and of themselves”
- Use of #cloudpen was merely “a functional tool to direct the location of [Eksouzian’s] promotion so that it is viewed by a group of consumers, not an actual trademark.”
Fraternity Collection (clothing) claimed infringement against former designer based on her use of the hashtags #fratcollection and #fraternitycollection in connection with marketing for a competitor.

No decision on merits, but district court denied motion to dismiss finding that use of a competitor’s name or product as a hashtag in social media posts “could, in certain circumstances, deceive consumers.”

- Plaintiff owns incontestable registration for PUBLIC IMPACT for education policy and management consulting
- Boston Consulting Group (management consulting) created The Centre for Public Impact; owns registrations for THE CENTRE FOR PUBLIC IMPACT A BCG FOUNDATION

- BCG used
  - Twitter handle @4Publicimpact
  - Hashtag #Publicimpact

- Preliminary injunction denied as to logo mark
- PI granted as to Twitter handle / hashtag finding BGC use was trademark use
- Enjoined from using
  - the phrase “public impact,” or the term “public impact” with two or fewer letters, numbers, or characters appended, as a username, hashtag, or otherwise in its social media, marketing, advertising, or other commercial activities.
Workshops and seminars in the field of entrepreneurship, marketing, business networking, and other small business matters; Conducting workshops and seminars in personal awareness; Conducting workshops and seminars in self awareness; Conducting workshops and seminars in making the transition to becoming an entrepreneur; …

Kelly-Brown v. Oprah Winfrey

Catch Phrase or Trademark Infringement?
Kelly-Brown v. Oprah Winfrey

Catch Phrase or Trademark Infringement?
Personal Name Fair Use – Joseph Abboud

JA Apparel v Abboud,
568 F3d 390 (2d Cir 2009)
Trade Dress Fair Use – Greeting Card

*Int’l Stamp Art v U.S. Postal Service,*
456 F3d 1270 (11th Cir 2006)
Size Designation Fair Use

*Ideal v Gardner*, 612 F2d 1018 (7th Cir 1980) (fair use of size designation with word “size”)
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