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***KP PERMANENT MAKE-UP V. LASTING
IMPRESSION – THE STATUTORY DEFENSE OF
FAIR USE IS AVAILABLE IN TRADEMARK
INFRINGEMENT CASES WITHOUT
NEGATING THE LIKELIHOOD OF CONSUMER
CONFUSION, ACCORDING TO THE SUPREME
COURT***

Sue Ann Mota*

I. INTRODUCTION

The United States Supreme Court has addressed the issue of trademark law numerous times in the last two decades,¹ most recently on December 8, 2004, in *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*² In *KP Permanent*, the Court unanimously held that a party in a trademark infringement suit raising the statutory defense of fair use does not have the burden of negating the likelihood that consumers will be confused by their fair uses of a mark,³ reversing the Court of Appeals for the Ninth Circuit on this issue.⁴

This Article briefly reviews the Lanham Act⁵ and its affirmative defenses, including the fair use defense at issue in *KP Permanent*.⁶ This Article examines the Supreme Court's decision in *KP Permanent* in light of recent trademark decisions. Then, this Article concludes with implications of this decision and recommendations for companies selecting and using trademarks.

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¹ See *infra* notes 35-66 and accompanying text.

² 125 S. Ct. 542 (2004); see *infra* notes 67-98 and accompanying text.

³ *KP Permanent Make-Up, Inc.*, 125 S. Ct. at 545-46.

⁴ *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061 (9th Cir. 2003), *vacated by* 125 S. Ct. 542 (2004); see *infra* notes 83-85 and accompanying text.

⁵ 15 U.S.C. § 1125(a) (2000).

⁶ See *supra* note 2.

II. LANHAM ACT AND DEFENSES

While Congress's right to enact copyright and patent law is pursuant to power granted by the U.S. Constitution's Copyright Clause,⁷ Congress enacts trademark law pursuant to the Commerce Clause.⁸ Consequently, there are some basic differences between types of federally protected intellectual property, including the fact that copyright and patent laws preempt state laws under the intellectual property clause,⁹ while states may protect trademarks in addition to federal protection.

Congress enacted the Trademark Act of 1976, the Lanham Act,¹⁰ to establish federal uniform protection for marks used in interstate and foreign commerce.¹¹ Congress considered this important improvement over a "disorderly patchwork"¹² of federal trademark laws for several years before enacting the Lanham Act.¹³ A trademark is defined under the Lanham Act as a word, name, symbol, device, or combination of the three, used or intended to be used in commerce to identify or distinguish one's goods from those manufactured or sold by others.¹⁴ The Lanham Act was passed to protect against deceptive and misleading use of marks in commerce, to protect registered marks used in commerce from interference, to prevent fraud and deception in commerce by copies or counterfeits, and to provide rights and remedies stipulated by trademark treaties and conventions.¹⁵

⁷ U.S. CONST. art. I, § 8, cl. 8 ("The Congress shall have power . . . to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.").

⁸ U.S. CONST. art. I, § 8, cl. 3 ("The Congress shall have the power . . . to regulate commerce with foreign nations, and among the several states, and the Indian tribes."). Congress initially attempted in 1870 to enact a registration system to protect marketing symbols under the copyright clause. *See supra* note 7. The Supreme Court struck this registration system down in 1881 in the *Trademark Cases*, 100 U.S. 82 (1879). Congress then enacted a new trademark law under the Commerce Clause powers. Act of March 3, 1881, ch. 138, 21 Stat 502 (1881).

⁹ *See supra* note 7.

¹⁰ 15 U.S.C.A. §§ 1051-1127 (West 1997 & 1998 & Supp. 2004).

¹¹ H.R. REP. NO. 76-944, at 4 (1939), *quoted in* Br. for the United States as Amicus Curiae Supporting Pet'r at 2, *KP Permanent Make-Up, Inc. v. Lasting Impression, Inc.*, 125 S. Ct. 542 (2004) (No. 03-409), *available at* LEXIS 2003 U.S. Briefs 409.

¹² *Id.*

¹³ 15 U.S.C.A. §§ 1051-1127 (West 1997 & 1998 & Supp. 2004).

¹⁴ 15 U.S.C.A. § 1127 (West 1998 & Supp. 2004). Service marks are also protected. *Id.*

¹⁵ *Id.*

The Lanham Act provides owners of both registered¹⁶ and unregistered¹⁷ marks a federal cause of action for monetary and injunctive relief. A mark registered on the principal register, however, is “prima facie evidence of the validity of the registered mark, and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the mark in commerce.”¹⁸ Five consecutive years of use of a mark after registration renders the mark incontestable,¹⁹ which is conclusive evidence of the validity of the mark.²⁰

Despite the incontestability of a mark, a party may defend against a claim of trademark infringement by successfully proving a statutory affirmative defense. These statutory defenses include the following: the registration or incontestable use of the mark was obtained fraudulently,²¹ the mark was abandoned,²² the registered mark is being used by the registrant so as to misrepresent the source of the goods or services,²³ the name or mark being called an infringement is a use of an individual’s name in the individual’s own business,²⁴ or the name or mark being called an infringement is descriptive and used fairly and in good faith only to describe the goods or services for a party²⁵ (the so called fair use defense at issue in *KP Permanent*),²⁶ the mark was adopted without knowledge of the registrant’s prior use and has been used continuously since that time,²⁷ the mark was registered and used prior to the Lanham Act (but this defense applies only in the area of the prior use),²⁸ the mark has been or is being used to violate U.S. antitrust laws,²⁹ the mark is functional (or generic),³⁰ or equitable principles such as laches, estoppel, or acquiescence apply.³¹

¹⁶ 15 U.S.C. § 1114(1) (2000).

¹⁷ *Id.* § 1125(a).

¹⁸ *Id.* § 1115(a).

¹⁹ *Id.* § 1065.

²⁰ *Id.* § 1115(b).

²¹ *Id.* § 1115(b)(1).

²² *Id.* § 1115(b)(2).

²³ *Id.* § 1115(b)(3).

²⁴ *Id.* § 1115(b)(4).

²⁵ *Id.*

²⁶ *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 125 S. Ct. 542 (2004); *see infra* notes 67-98 and accompanying text.

²⁷ 15 U.S.C. § 1115(b)(5) (2000).

²⁸ *Id.* § 1115(b)(6).

²⁹ *Id.* § 1115(b)(7).

³⁰ *Id.* § 1115(b)(8).

³¹ *Id.* § 1115(b)(9).

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A registrant of a mark may bring a civil suit against a person who uses in commerce any reproduction or copy of a registered mark in connection with the sale or advertising of any goods or services if the use of the mark is likely to cause confusion, likely to cause mistake, or likely to deceive,³² if the person does not have a statutory affirmative defense.³³ An injunction is available as a remedy, even against an innocent infringer;³⁴ monetary damages are available to the registrant if the use of the mark is done with knowledge that the imitation is intended to cause confusion, intended to cause mistake, or intended to deceive.³⁵

III. SUPREME COURT TRADEMARK DECISIONS

The United States Supreme Court has decided numerous trademark cases in the last two decades. In 1985, the Court in *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*³⁶ held that a holder of a registered mark can rely on the fact that the mark is incontestable even though the mark is only descriptive and simply describes³⁷ the product or its characteristics.³⁸ With only Justice Stevens dissenting,³⁹ the Court reversed the Ninth Circuit, which held that the defendant could defend against the infringement by showing that the mark was only descriptive.⁴⁰ The Supreme Court, however, stated: "One searches the language of the Lanham Act in vain to find any support for the offensive/defensive distinction applied by the Court of Appeals. The statute nowhere distinguishes between a registrant's offensive and defensive use of an incontestable mark."⁴¹ Thus, two decades ago, the Court reversed the Ninth Circuit and refused to go beyond the Lanham Act to make incontestable yet descriptive marks contestable.

³² 15 U.S.C.A. § 1117(a) (West 1998 & Supp. 2004).

³³ See *supra* notes 21-31 and accompanying text.

³⁴ 15 U.S.C. § 1114(2) (2000).

³⁵ 15 U.S.C.A. § 1117(b) (West 1998 & Supp. 2004).

³⁶ 469 U.S. 189 (1985) (Stevens, J., dissenting); see Timothy R. M. Bryant, Comment, *Trademark Infringement: The Irrelevance of Evidence of Copying to Secondary Meaning*, 83 NW. U. L. REV. 473 (1988-89); Jay Dratler, Jr., *Trademark Protection for Industrial Designs*, 1988 U. ILL. L. REV. 887 (1988).

³⁷ 15 U.S.C. § 1065 (1982); see *supra* note 19 and accompanying text.

³⁸ *Park 'N Fly*, 469 U.S. at 191.

³⁹ *Id.* at 206.

⁴⁰ *Park 'N Fly, Inc. v. Dollar Park and Fly*, 718 F.2d 327, 331 (9th Cir. 1983).

⁴¹ *Park 'N Fly*, 469 U.S. at 196.

In 1992, the Court in *Two Pesos, Inc. v. Taco Cabana, Inc.*⁴² held unanimously that unregistered trade dress, or the total image and appearance of a business, is protected under the Lanham Act.⁴³ The holding is based on a finding of inherent distinctiveness, even without proof that the trade dress has acquired secondary meaning,⁴⁴ or that a mark or dress has come through use to be uniquely associated with a specific source.⁴⁵ Again, the Court found that to hold otherwise would go beyond the text of the Lanham Act and undermine that statute.⁴⁶

In 1995, in *Qualitex Co. v. Jacobson Products Co.*,⁴⁷ the Court unanimously held that the “Lanham Act permits the registration of a trademark that consists, purely and simply, of a color.”⁴⁸ Once again, the Ninth Circuit was reversed.⁴⁹ According to the Court, “[b]oth the language of the Act and the basic underlying principles of trademark law would seem to include color within the universe of things that can qualify as a trademark.”⁵⁰ In this case, the Court refused to judicially narrow the Lanham Act.

In 2000, revisiting the issue of unregistered trade dress, the Supreme Court unanimously held in *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*⁵¹ that a product’s design, its trade dress, was distinctive and protectible only upon a showing that the design had developed secondary meaning, which occurred when the design had, in the minds of the public, the primary significance of identifying the source of the product rather than the product itself.⁵² The Court distinguished *Two Pesos*, stating that the trade dress in question there was product packaging,⁵³ versus the trade

⁴² 505 U.S. 763 (1992); see C. Andrew Wattleworth, Comment, *Inherently Distinctive Product Configurations Under 43 of the Lanham Act: Where Do We Stand in the Aftermath of Two Pesos?*, 26 CUMB. L. REV. 1071 (1995-96).

⁴³ See *supra* note 17 and accompanying text.

⁴⁴ *Two Pesos*, 505 U.S. at 764.

⁴⁵ *Id.* at 766 n.4. The Court of Appeals for the Fifth Circuit was affirmed. See *Taco Cabana Int’l v. Two Pesos, Inc.*, 932 F.2d 1113 (5th Cir. 1991), *aff’d*, 505 U.S. 763 (1992).

⁴⁶ *Two Pesos*, 505 U.S. at 774.

⁴⁷ 514 U.S. 159 (1995).

⁴⁸ *Id.* at 160; see Kristi L. Davidson, Note, *The Supreme Court Says Yes to Color, Pure and Simple: Qualitex Co. v. Jacobson Products Co.*, 21 DAYTON L. REV. 885 (1996).

⁴⁹ *Qualitex Co. v. Jacobson Products Co.*, 13 F.3d 1297 (9th Cir. 1994).

⁵⁰ *Qualitex*, 514 U.S. at 162. Trademark is defined broadly under the Lanham Act. *Id.*; see *supra* note 14 and accompanying text.

⁵¹ 529 U.S. 205 (2000).

⁵² *Id.* at 215; see Christina Platt Hillson, *Trade Dress Protection: When a Dress Is Just a Dress According to the Supreme Court in Wal-Mart Stores, Inc. v. Samara Brothers*, 53 BAYLOR L. REV. 461 (2001).

⁵³ See *supra* note 42 and accompanying text.

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dress in question in *Samara* involving product design, which does require a secondary meaning.⁵⁴ While courts now have the difficult job of drawing the line between product packaging and product design trade dress, when in doubt, courts should err on the side of caution and classify ambiguous trade dress as product design, which may require a secondary meaning.⁵⁵

The Supreme Court has recently decided two cases where trademark protection was not granted when other forms of intellectual property had expired. In *TraFFix Devices, Inc. v. Marketing Displays, Inc.*,⁵⁶ the Court unanimously held that when utility patents expire on a mechanism to keep road signs upright, trade dress protection under the Lanham Act is unavailable when a design is merely functional or when product features are functional.⁵⁷

In 2003, the Supreme Court in *Dastar Corp. v. Twentieth Century Fox Film Corp.*⁵⁸ held unanimously, with Justice Breyer not participating, that the former holder of a copyright on a television series now in the public domain could not prevail under the Lanham Act against the producer of an adopted video version of the series.⁵⁹ The Court of Appeals for the Ninth Circuit was reversed.⁶⁰

In 2003, the Supreme Court also unanimously held in *Moseley v. V Secret Catalogue, Inc.*⁶¹ that the Federal Trademark Dilution Act ("FTDA")⁶² requires an actual proof of dilution of a famous mark, not

⁵⁴ See *supra* note 52 and accompanying text.

⁵⁵ *Samara*, 529 U.S. at 214-15. The Court of Appeals for the Second Circuit was reversed. See *Samara Bros. v. Wal-Mart Stores, Inc.*, 165 F.3d 120 (2d Cir. 1998), *rev'd*, 529 U.S. 205 (2000).

⁵⁶ 523 U.S. 23 (2001).

⁵⁷ *Id.* at 34-35 (2001); see Eric Berger, Note, *TraFFix Devices, Inc. v. Marketing Displays, Inc.: Intellectual Property in Crisis: Rubbernecking the Aftermath of the United States Supreme Court's TraFFix Wreck*, 57 ARK. L. REV. 383 (2004). The Court of Appeals for the Sixth Circuit was reversed. *Marketing Displays, Inc. v. TraFFix Devices, Inc.*, 200 F. 3d 929 (6th Cir. 1999), *rev'd*, 523 U.S. 23, 35 (2001).

⁵⁸ 539 U.S. 23 (2003).

⁵⁹ *Id.* Fox's copyright on the television series was not renewed and thus expired in 1977. *Id.* at 26; see Sue Mota, *Dastar v. Twentieth Century Fox – One Can't Get Back by Trademark What One Gave Up Under Copyright*, 1 OKLA. J. L. & TECH. 7 (2003).

⁶⁰ *Twentieth Century Fox Film Corp. v. Entertaining Distributing*, 34 Fed. Appx. 312 (9th Cir. 2002), *rev'd* 539 U.S. 23 (2003).

⁶¹ 537 U.S. 418 (2003).

⁶² 15 U.S.C. § 1125(c)(4).

just a likelihood of dilution.⁶³ Under the 2004 FTDA, dilution is defined as “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between the owner of the famous mark and other parties, or likelihood of confusion, mistake, or deception.”⁶⁴ In its first FTDA decision, the Court alluded to the FTDA’s requirement of actual dilution.⁶⁵ Thus, the stage was set for the Supreme Court’s December, 2004 decision in *KP Permanent*.⁶⁶

IV. KP PERMANENT

KP Permanent Make-Up (“KP”) and Lasting Impression (“Lasting”) are direct competitors in the permanent makeup industry.⁶⁷ Permanent makeup, also called micropigmentation, has both medical and cosmetic uses.⁶⁸ Permanent makeup is used by injecting pigment into the skin, similar to a tattoo, by trained professionals, who are the purchasers of this product.⁶⁹

KP has used “micro color” on flyers beginning in 1990, and on pigment bottles since 1991.⁷⁰ On the bottles, the term “MICRO COLOR” is followed by the color of the pigment.⁷¹ Lasting began using “micro colors” as a trademark in 1992, and the mark was registered on the Principal Register at the U.S. Patent and Trademark Office in 1993.⁷² Lasting’s mark became incontestable.⁷³

In 1999, KP began using the term “micro color” in a ten-page marketing brochure; both the terms “pigment” and “chart” appear in

⁶³ *Moseley*, 537 U.S. at 418; see Sue Mota, *Victor’s Little Secret Prevails (For Now) over Victoria’s Secret: The Supreme Court Requires Proof of Actual Dilution Under the FTDA*, 19 SANTA CLARA COMP. & HIGH TECH L.J. 541 (2003).

⁶⁴ 15 U.S.C.A. § 1127 (West 1998 & Supp. 2004).

⁶⁵ *Moseley*, 537 U.S. at 433.

⁶⁶ *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 125 S. Ct. 542 (2004); see *infra* notes 67-98 and accompanying text.

⁶⁷ *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061, 1065 (9th Cir. 2003), *vacated by* 125 S. Ct. 542 (2004).

⁶⁸ *Id.*

⁶⁹ *Id.*

⁷⁰ *Id.*

⁷¹ *Id.* at 1066.

⁷² Registration Number 1769592, a design plus words, letters and or numbers, available through the Trademark Electronic Search System (TESS) *available at* <http://tess2.uspto.gov> (Mar. 19, 2005).

⁷³ *KP Permanent*, 328 F.3d at 1065.

smaller font than “micro color.”⁷⁴ Lasting sent KP a cease and desist letter demanding that KP stop using the term “micro color.”⁷⁵ In 2000, KP brought this trademark declaratory relief action against Lasting.⁷⁶ Lasting answered and counterclaimed for trademark infringement, unfair competition, and false advertising under California’s Business and Professional Code.⁷⁷ The district court granted KP’s motion for summary judgment and denied Lasting’s motion for summary adjudication, thus allowing KP to continue to use “micro color” as it had since 1991, and allowing Lasting to continue to use its registered mark.⁷⁸ According to the district court, “micro color” is generic, or if not generic, descriptive.⁷⁹ Neither party had acquired a secondary meaning to “micro color.”⁸⁰ Finally, KP’s use was fair under the statutory defense,⁸¹ and the district court declined to discuss likelihood of confusion.⁸²

On appeal, the Court of Appeals for the Ninth Circuit reversed, ruling that the district court erred in not needing to make a determination on likelihood of confusion.⁸³ Likelihood of confusion exists when consumers viewing the mark would probably assume that the goods are associated with a source of a different product.⁸⁴ Because

⁷⁴ *Id.* at 1066.

⁷⁵ Br. for Pet’r at 2, *KP Permanent*, 125 S. Ct. 542 (2004) (No. 03-409), available at LEXIS 2003 U.S. Briefs 409.

⁷⁶ The action was brought pursuant to 28 U.S.C. § 2201 (2000). KP requested that Lasting’s trademark be cancelled as the term “micro color” is generic. Compl., *KP Permanent* (2000), found in J. A. at 38-43, *KP Permanent*, 125 S. Ct. 542 (2004) (No. 03-409), available at LEXIS 2003 U.S. Briefs 409. To support KP’s claim, KP submitted fourteen declarations from its customers concerning KP’s continuous prior use. Br. for Pet’r at 2, *KP Permanent*, 125 S. Ct. 542 (2004) (No. 03-409), available at LEXIS 2003 U.S. Briefs 409.

⁷⁷ Answer and Countercl. at 1st App. 26-28, found in J.A. at 54-57, *KP Permanent*, 125 S. Ct. 542 (2004) (No. 03-409), available at LEXIS 2003 U.S. Briefs 409.

⁷⁸ *KP Permanent*, 328 F.3d at 1066.

⁷⁹ *Id.*

⁸⁰ *Id.* Although more than twenty other companies sell permanent make-up, no other competitors uses the term “micro color.” Brief for Respondents at 4, *KP Permanent*, 125 S. Ct. 542 (2004) (No. 03-409), available at LEXIS 2003 U.S. Briefs 409.

⁸¹ *KP Permanent*, 328 F.3d at 1066; see *supra* note 23 and accompanying text.

⁸² *KP Permanent*, 328 F.3d at 1066.

⁸³ *Id.* at 1072.

⁸⁴ *Id.* The Ninth Circuit looks at eight factors in determining likelihood of confusion: “(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.” *Id.* at 1073.

the appeals court found genuine issues of material fact, the issue of likelihood of confusion, it reversed the district court.⁸⁵

The United States Supreme Court granted certiorari to decide whether a party raising a statutory affirmative defense of fair use⁸⁶ to a claim of trademark infringement has the burden of negating the likelihood of confusion by consumers over the origin of goods and services.⁸⁷ The United States Supreme Court in December, 2004, unanimously held that the party does not have that burden, reversing the Ninth Circuit.⁸⁸

The Supreme Court started its analysis with the text of the Lanham Act, which places the burden of proving likelihood of confusion on the party claiming infringement,⁸⁹ while saying nothing about the need to prove absence of likelihood of confusion under the fair use defense.⁹⁰ The Court concluded that it is not plausible that Congress would state that a mark holder has to show likelihood of confusion but would utilize the term “used fairly” in the statutory defense to place the defendant

⁸⁵ *Id.*; see Graeme W. Austin, *Trademarks and the Burdened Imagination*, 69 BROOK. L. REV. 827 (2004); William G. Barber, *Recent Developments in Trademark Law: Reverse Domain Hijacking, Mutant Copyrights, and Other Mysterious Creatures of the Trademark World*, 12 TEX. INTEL. PROP. L.J. 361 (2004); Graeme B. Dinwoodie, *The Trademark Jurisprudence of the Rehnquist Court*, 8 MARQ. INTEL. PROP. L. REV. 187 (2004); Intellectual Property Symposium, *The Supreme Court and Trademark Law in the New Millennium*, 30 WM. MITCHELL L. REV. 1651 (2004).

⁸⁶ See *supra* notes 21-31 and accompanying text.

⁸⁷ *KP Permanent Make-Up, Inc. v. Lasting Impression, Inc.*, 540 U.S. 1099 (2004). The Court granted certiorari to resolve a split in the circuits on this issue. *KP Permanent Make-Up, Inc. v. Lasting Impression, Inc.*, 125 S. Ct. 542, 545 (2004). The Fifth and Sixth Circuits ruled similarly to the Ninth Circuit. *PACCAR, Inc. v. TeleScan Technologies, LLC*, 319 F.3d 243 (6th Cir. 2003); *Zatarains, Inc. v. Oak Grove Smokehouse*, 698 F.2d 786 (5th Cir. 1983). The Second, Fourth, and Seventh Circuits held otherwise, that a likelihood of confusion does not preclude the use of the fair use defense. *Cosmetically Sealed Industries, Inc. v. Chesbrough-Pond's USA Co.*, 125 F.3d 28 (2d Cir. 1997); *Shakespeare Co. v. Silstar Corp. of Am.*, 110 F.3d 234 (4th Cir. 1997); *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 69 F.3d 1055 (7th Cir. 1995). Citing this split in the circuits, the petitioner asserted that the law should be uniform on both coasts. Reply B. on petition for Writ of Cert. at 1, *KP Permanent*, 328 F.3d at 1061 (9th Cir. 2003) (No. 03-409), LEXIS 2003 U.S. Briefs 409. To let the split go unresolved would, according to the petitioner, encourage foreign shopping, complicate business planning, undermine certainty of expectations, and lessen confidence in the federal judiciary. Reply B. on petition for Writ of Cert. at 4, *KP Permanent*, 328 F.3d at 1061 (9th Cir. 2003) (No. 03-409).

⁸⁸ *KP Permanent*, 125 S. Ct. at 542. The Supreme Court thus agreed more with the rulings of the Second, Fourth, and Seventh Circuits. See *supra* note 87.

⁸⁹ *KP Permanent*, 125 S. Ct. at 542; see 15 U.S.C. § 1115(b) (2000).

⁹⁰ *KP Permanent*, 125 S. Ct. at 543; see 15 U.S.C. § 1115(b)(4).

under a burden to negate likelihood of confusion.⁹¹ The Court also did not agree with Lasting's suggestion that the term "used fairly" in the defense⁹² refers to the likelihood of confusion test under the common law of unfair competition.⁹³ The Court finally calls the requirement that the defendant independently show a lack of confusion "incoherence."⁹⁴

The Supreme Court thus held that under the statutory defense that a mark is used fairly and in good faith, there is no burden to negate a likelihood of confusion.⁹⁵ The Court also recognized, however, that some possibility of consumer confusion must be compatible with fair use; the Lanham Act was not meant to deprive commercial speakers of the ordinary use of descriptive words.⁹⁶ The Court would not go further in its decision, though, beyond the Ninth Circuit's consideration of the subject,⁹⁷ but it did note that on remand the court should direct its attention to factual issues bearing on the fair use defense.⁹⁸

V. CONCLUSION

Congress placed a fair use defense to trademark infringement in the Lanham Act,⁹⁹ along with other defenses. This defense is in line with the subsequent Trade-Related Aspects of Intellectual Property Rights Agreement ("TRIPS Agreement") part of the agreement establishing the World Trade Organization ("WTO").¹⁰⁰ The TRIPS Agreement provides that any sign, or combination of signs capable of distinguishing goods and services from those of others is eligible for trademark protection.¹⁰¹ Member countries may also provide limited exceptions, such as fair use of descriptive terms.¹⁰² The United States Supreme Court held that the fair use defense, in *KP Permanent* is a stand-alone defense under the Lanham Act, and it does not require the defendant to also prove the non-

⁹¹ *KP Permanent*, 125 S. Ct. at 542-43. Justice Scalia did not concur only in footnotes 4 and 5, discussing the legislative history. *Id.* at 542-43 nn.4-5.

⁹² See *supra* note 25 and accompanying text.

⁹³ *KP Permanent*, 125 S. Ct. at 544.

⁹⁴ *Id.* at 545.

⁹⁵ *Id.* at 553.

⁹⁶ *Id.* at 549.

⁹⁷ *Id.* at 551.

⁹⁸ *Id.* at 553 n.6. Justice Breyer did not concur with this vote. *Id.* at 553.

⁹⁹ See *supra* note 25 and accompanying text.

¹⁰⁰ Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 2004, WTO Agreement, Annex 1C; see Sue Mota, *TRIPS: Five Years of Disputes at the WTO*, 17 ARIZ. J. INT'L. & COMP. L. 533 (2000).

¹⁰¹ WTO Agreement Annex 1C, art. 15.1. Service marks are also protectable. *Id.* at art. 16.2.

¹⁰² *Id.* at art. 17.

statutory absence of likelihood of confusion.¹⁰³ This decision is the correct interpretation of the Lanham Act, which is in accord with the subsequent WTO TRIPS Agreement, which also has no such additional statutory requirement.

The Supreme Court's decision, which reversed the decision of the Court of Appeals for the Ninth Circuit,¹⁰⁴ is not surprising. In the past two decades, the Court has held to the text of the trademark statute three times, in *Park 'N Fly, Inc.*,¹⁰⁵ *Qualitex*,¹⁰⁶ and *Mosely*.¹⁰⁷ The Court has also reversed the Ninth Circuit in trademark cases four times in the last two decades in *Park 'N Fly*¹⁰⁸ in 1985, *Qualitex*¹⁰⁹ in 1995, *Dastar*¹¹⁰ in 2003, and thus not surprisingly, in 2004 in *KP Permanent*.¹¹¹

In addition, the Supreme Court's decision in *KP Permanent* is the correct decision because it draws a careful line not to chill commercial speech. Businesses may continue in good faith to use fairly a descriptive mark, as per the Lanham Act's defense.¹¹² Selectors of marks should be thus warned that if a descriptive mark is selected, there is a risk that the mark may be fairly used in good faith by others. Courts need to decide on a case-by-case basis if the mark is descriptive and if the use is fair and in good faith, as the Court noted to the lower courts on remand in *KP Permanent*.¹¹³ This decision by the Court draws a fair balance between protecting legitimate trademark rights and commercial free speech.

¹⁰³ *KP Permanent*, 125 S. Ct. 542; see *supra* notes 67-98 and accompanying text.

¹⁰⁴ *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061 (9th Cir. 2003), *vacated by* 125 S. Ct. 542 (2004); see *supra* notes 83-85 and accompanying text.

¹⁰⁵ See *supra* notes 36-41 and accompanying text.

¹⁰⁶ See *supra* notes 47-50 and accompanying text.

¹⁰⁷ See *supra* notes 57-66 and accompanying text.

¹⁰⁸ See *supra* notes 36-41 and accompanying text.

¹⁰⁹ See *supra* notes 47-50 and accompanying text.

¹¹⁰ See *supra* notes 57-60 and accompanying text.

¹¹¹ See *supra* notes 86-98 and accompanying text.

¹¹² See *supra* note 25 and accompanying text.

¹¹³ See *supra* note 98 and accompanying text.