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# Use it or Lose It: The Sixth Circuit's New Approach to Evaluating Likelihood to Cause Consumer Confusion in Trademark Disputes

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# USE IT OR LOSE IT: THE SIXTH CIRCUIT'S NEW APPROACH TO EVALUATING LIKELIHOOD TO CAUSE CONSUMER CONFUSION IN TRADEMARK DISPUTES

*Stuart F. Sumner\**

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## I. INTRODUCTION

People like simple. People like straightforward. People like easy. But life is not simple, life is not straightforward, life is not easy. And like life, neither is the law. Figuring out the more difficult answers, often requires more difficult work.

One of the biggest criticisms of the law is that it is overly complex; it should be simplified. Bright-line rules and tests help simplify the law. If a certain action falls into a category, the proceedings move forward; if it does not, then they do not. This provides notice and allows for judicial efficiency. Simple.

However, bright-line rules are not always ideal. What is simplest may not always be what is best. The law is complicated. There are grey areas. Each situation raised by the law has different facts that may not neatly fall onto one side of a bright-line. What happens if the law creates a rule that is too narrow, allowing certain actions that should be punished to skate by, or so broad it captures actions society does not wish to punish?

The Sixth Circuit recently tried to simplify a complicated doctrine in trademark law: likelihood to cause confusion. They did so by creating a bright-line gateway. The new rule stated that if a trademark dispute fell into a certain category the alleged offender would not be liable. However, in doing so, the court created a legal loophole. The loophole provides a way for actual customer confusion to exist but also allows courts not to find any likelihood to cause confusion, undermining the overall purpose of the law.

## II. BACKGROUND

## A. PURPOSE AND FUNCTION OF A TRADEMARK

Trademarks exist to prevent unfair competition and protect property rights.<sup>1</sup> A trademark is “any word, name, symbol, or device, or any combination thereof”<sup>2</sup> used by a person in commerce “to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”<sup>3</sup> Trademarks serve several functions. They identify the goods sold by one manufacturer from goods sold by another, signify that all the goods bearing a certain mark come from a single source,

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<sup>1</sup> See generally 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 1.03 (1996).

<sup>2</sup> 15 U.S.C. § 1127 (2012).

<sup>3</sup> *Id.*

inform consumers that similar goods with the mark are of equal quality, and help advertise companies and their products.<sup>4</sup> All of these functions are essential in today's competitive economic world.<sup>5</sup>

Imagine a world with no trademarks. A world with no Nike swoosh, no McDonald's golden arches, no Apple logo, or any image commonly associated with a specific company. There would be no way to distinguish products of high quality of a certain brand from cheaper knock-offs. So why would companies sell anything but the cheaper indistinguishable products?<sup>6</sup> The driving factor behind trademarked symbols is that consumers relate the marks with a certain level of quality affiliated with products from the proprietor of the mark.<sup>7</sup> That assurance of quality associated with the mark provides the company with customer loyalty and value.<sup>8</sup> However, this also provides incentives for other companies to attempt to use another's trademark and benefit from their goodwill established by another.<sup>9</sup> If one company believes another is infringing on its trademark, or interfering with the exclusive right to use its mark,<sup>10</sup> it can file suit in federal court seeking an injunction to stop the use and potentially monetary damages.<sup>11</sup>

#### B. BRIEF HISTORY OF TRADEMARK LEGISLATION AND THE LANHAM ACT

Congress is granted the power to regulate trademarks through the Commerce Clause.<sup>12</sup> This Clause grants Congress the power to "regulate [c]ommerce with foreign [n]ations, and among the several states, and with the Indian Tribes."<sup>13</sup> Congress first attempted to federally regulate trademarks in 1870.<sup>14</sup> However, the Supreme Court struck that law down as unconstitutional.<sup>15</sup> Congress passed the first successful modern federal trademark registration statute in 1905.<sup>16</sup> Despite initial success, that act ultimately proved problematic in the long-term and eventually needed to be replaced.<sup>17</sup> As a result, Congress passed the Federal Trademark Act of 1946:

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<sup>4</sup> See MCCARTHY, *supra* note 1, § 3.01[2].

<sup>5</sup> *Id.*

<sup>6</sup> *Id.* § 3.02[2].

<sup>7</sup> *Id.* § 3.04[1].

<sup>8</sup> *Id.* § 3.01[2].

<sup>9</sup> *Id.* § 2.01[2][a].

<sup>10</sup> *Infringement*, BLACK'S LAW DICTIONARY (9th ed. 2009).

<sup>11</sup> 4 MCCARTHY, *supra* note 1, § 30.01, 30.24, 32.01.

<sup>12</sup> *Id.* § 5.03.

<sup>13</sup> U.S. CONST. art. I, § 8.

<sup>14</sup> MCCARTHY, *supra* note 1, § 5.03.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

the Lanham Act.<sup>18</sup> Though amended several times since its inception, the Lanham Act is the primary legislation governing federal trademark infringements.

Congress codified much of the existing trademark common law when it enacted the Lanham Act.<sup>19</sup> The Act continues to establish federal standards for trademarks, service marks, and unfair competition.<sup>20</sup> It provides a standard for establishing what a trademark is and procedures for federally registering trademarks.<sup>21</sup> Additionally, it lays out very specifically when trademark owners might be entitled to federal trademark infringement claims and what remedies may be available if a trademark is violated.<sup>22</sup>

### C. LIKELIHOOD TO CAUSE CONFUSION

The Lanham Act set forth the standard in federal trademark disputes: unauthorized use of a registered mark in commerce that is likely to cause confusion.<sup>23</sup> That standard applies in all cases except for causes of action relating to dilution of famous marks.<sup>24</sup> The “likelihood to cause confusion” standard is incredibly complex. Debates over some of the issues surrounding it could fill articles and chapters substantially longer than this one. Therefore, this section will only serve to provide a brief overview of the standard and the importance of its interpretation.

On its face, likelihood to cause confusion seems relatively simple. However, the difficulties it presents become readily apparent once the standard is applied in practice. For instance, does an image or symbol appearing on a product look similar enough to a trademarked symbol to cause consumer confusion over who produced the goods? How similar do symbols need to be in order to be likely to cause confusion? How many consumers must be confused by the symbols used to justify a trademark infringement?<sup>25</sup> Should it be enough if one consumer is confused, and if not, how many need to be until we reach the requisite threshold? Furthermore, the Lanham Act only requires a likelihood to cause confusion, so does someone whose

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<sup>18</sup> 15 U.S.C. § 1114 (2012).

<sup>19</sup> The Lanham Act, US LEGAL, <http://trademarks.uslegal.com/trademark-law/the-lanham-act/> (last visited Sept. 4, 2017).

<sup>20</sup> Lanham (Trademark) Act, NOLO, <http://www.nolo.com/legal-encyclopedia/content/lanham-act.html> (last visited Aug. 24, 2017).

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> 15 U.S.C. § 1114(1) (2012).

<sup>24</sup> JAY DRATLER, JR., INTELLECTUAL PROPERTY LAW INDEX: COMMERCIAL, CREATIVE & INDUSTRIAL PROPERTY § 10.01, n.6 (2017).

<sup>25</sup> See 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23.01[2].

trademark is allegedly being infringed upon need to show actual confusion by consumers or just the potential for confusion?<sup>26</sup>

While many of these questions continue to cause problems for the legal system, two of the biggest concerns are whether consumers actually need to be confused by a mark<sup>27</sup> and how similar a mark must be to be considered an infringement.<sup>28</sup> Courts largely address these questions on a case-by-case basis, and the outcome depends on the type of trademark in question.<sup>29</sup> This section will address and provide some examples of how courts have attempted to resolve these problems.

Courts have held that plaintiffs do not need to show actual confusion to establish likelihood of confusion, though evidence of actual confusion can be persuasive evidence.<sup>30</sup> Surveys and witness testimony are frequently used to prove actual confusion in court.<sup>31</sup> However, actual confusion is not entirely reliable, as sometimes outside factors, other than a potential trademark infringement, cause a consumer's confusion over the manufacturer of a product.<sup>32</sup> Moreover, should the court take into consideration the sophistication of the confused party<sup>33</sup> when weighing the evidence or is it sufficient that a single group may be confused, while another is not?<sup>34</sup>

Additionally, exact similarity between marks is not required to show likelihood to confuse consumers.<sup>35</sup> The Ninth Circuit has held it is sufficient that enough be taken from the trademark to "deceive the public in the purchase of a protected article."<sup>36</sup> This is not just limited to symbols or markings placed on products that closely resemble trademarked symbols,<sup>37</sup> but also if products are phonetically substantially similar. The Seventh Circuit held that "[s]light differences in the sound of similar trademarks will not protect the infringer."<sup>38</sup> Some examples of trademark infringements held likely to cause confusion based on phonetics include: Cup-O'-Cola infringing on Coca-Cola,<sup>39</sup> Air-O infringing on Arrow,<sup>40</sup> and Gliss'n infringing on Glisten.<sup>41</sup>

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<sup>26</sup> *See id.* § 23:02.

<sup>27</sup> *Id.* § 23:02[1].

<sup>28</sup> *Id.* § 23:03[2].

<sup>29</sup> *Id.* § 23:11.

<sup>30</sup> *Id.* § 23:02[2][a].

<sup>31</sup> *See generally id.*

<sup>32</sup> *See id.*

<sup>33</sup> *See id.* § 23:27[1].

<sup>34</sup> *Id.* § 23:28[3].

<sup>35</sup> *Id.* § 24:10 (citing *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149 (9th Cir. 1963), *cert. denied*, 374 U.S. 830 (1963)).

<sup>36</sup> *Fleischman Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 161 (9th Cir. 1963)).

<sup>37</sup> MCCARTHY, *supra* note 1, § 23:05.

<sup>38</sup> *Id.* (citing *G.D. Searle & Co. v. Chas. Pfizer & Co.*, 265 F.2d 385 (7th Cir. 1959), *cert. denied*, 361 U.S. 819 (1959)).

<sup>39</sup> *Id.* § 23:6 (citing *Coca-Cola Co. v. Clay*, 324 F.2d 198 (C.C.P.A. 1963)).

Phonetic trademark infringements are just one example of the variety of infringements that exist, all falling under the standard of likelihood to cause confusion, illustrating how complicated the standard can be. There is no single test that can be applied to all trademark disputes determining when likelihood of confusion exists.<sup>42</sup> While most courts today still rely heavily on testimony of consumers who were actually confused,<sup>43</sup> with the advent of new technology, certain courts have adopted simpler methods.<sup>44</sup> Some courts go as far as to use the “Google shortcut,” where they enter the name of the potentially infringed trademark into an internet search engine and see if the results would confuse consumers as to which products are which.<sup>45</sup>

Likelihood to cause confusion is complex. The standard often relies on what some experts refer to as the court’s “gut reaction” or intuition of if it feels rights.<sup>46</sup> This reliance leads to inconsistency and difficulty when deciding if a potential infringement possesses the likelihood to cause confusion element, as it is intuitively left to some level of interpretation. Despite these problems, likelihood to cause confusion remains the federal standard in trademark disputes.<sup>47</sup>

#### D. THE SECOND CIRCUIT AND THE *POLAROID* TEST

Because likelihood to cause confusion is not defined within the Lanham Act and is thus subject to interpretation, different courts have adopted various tests to evaluate the standard. The Second Circuit created the most commonly followed test in 1961.<sup>48</sup> In *Polaroid Corp. v. Polarad Electronics Corp.*, the Second Circuit identified eight factors to weigh when determining likelihood to cause consumer confusion.<sup>49</sup> The *Polaroid* factors are:

- 1) strength of the trademark; 2) similarity of the marks; 3) proximity of the products and their competitiveness with one another; 4) evidence that the senior user may “bridge the gap” by developing a product for sale in the market of the alleged

<sup>40</sup> *Id.* (citing *Cluett, Peabody & Co. v. Wright*, 46 F.2d 711 (C.C.P.A. 1931)).

<sup>41</sup> *Id.* (citing *In re Strathmore Prods., Inc.*, 171 U.S.P.Q. 766 (T.T.A.B.) 971).

<sup>42</sup> MCCARTHY, *supra* note 25, § 23.03[1].

<sup>43</sup> *Tiffany & Co. v. Costco Wholesale Corp.*, 994 F. Supp. 2d 474 (S.D.N.Y. 2014).

<sup>44</sup> Lisa L. Ouellette, *The Google Shortcut to Trademark Law*, 102 CAL. L. REV. 351 (2014).

<sup>45</sup> *See generally id.*

<sup>46</sup> *See* 1 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 23:26 (1st ed. 1973).

<sup>47</sup> 15 U.S.C. § 1114(1)(a)–(b) (2012).

<sup>48</sup> *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961).

<sup>49</sup> *Id.* at 495.

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infringer's product; 5) evidence of actual consumer confusion; 6) evidence that the imitative mark was adopted in bad faith; 7) respective quality of the products; and 8) the sophistication of consumers in the relevant market.<sup>50</sup>

The Second Circuit's test has become somewhat of the standard when evaluating trademark disputes. The First Circuit<sup>51</sup> and the Fourth Circuit,<sup>52</sup> and district courts in the Third Circuit,<sup>53</sup> Eighth Circuit,<sup>54</sup> Ninth Circuit,<sup>55</sup> and Tenth Circuit<sup>56</sup> have all adopted the *Polaroid* test.

## E. PRIOR APPLICATION OF TRADEMARK "USE"

Previously, courts did not consider how a defendant used a trademarked symbol when determining likelihood to cause consumer confusion. It has simply been enough for the trademark symbol to have been used in any manner without authorization by the proprietor to bring a claim. Traditionally, courts only evaluated the manner in which the alleged offenders used a trademarked symbol if the dispute fell into one of two categories: establishing the existence of a trademark if a mark is challenged and affirmative defenses to alleged infringements under the "fair use" exception.<sup>57</sup>

To register a federal trademark, the proprietor of the mark must show that it uses the trademark "in the ordinary course of trade."<sup>58</sup> Furthermore, to maintain the trademark, the proprietor must use the trademark in a manner that is "public, continuous, and more than de minimis."<sup>59</sup> Strict rules govern proper use of a trademark by its proprietor.<sup>60</sup> If a trademark is not used according to those rules, the proprietor can lose the exclusive right to use the mark.<sup>61</sup>

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<sup>50</sup> Kelly-Brown v. Winfrey, 717 F.3d 295, 307 (2d Cir. 2013) (citing Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 588 F.3d 97, 115 (2d Cir. 2009)).

<sup>51</sup> DeCosta v. Viacom Int'l, Inc., 981 F.2d 602, 606 (1st Cir. 1992).

<sup>52</sup> Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC, 464 F. Supp. 2d 495, 503 (E.D. Va. 2006).

<sup>53</sup> Conference Archives, Inc. v. Sound Images, Inc., No. 3:2006-76, 2010 U.S. Dist. LEXIS 46955, at \*61 (W.D. Pa. July 29, 2010).

<sup>54</sup> J.C. Penney Co. v. Arctic Enters., 375 F. Supp. 913 (D. Minn. 1974).

<sup>55</sup> Conversive, Inc. v. Conversagent, Inc., 433 F. Supp. 2d 1079, 1990-93 (C.D. Cal. 2006).

<sup>56</sup> Paramount Pictures Corp. v. Video Broad. Sys's, 724 F. Supp. 808, 815 (D. Kan. 1989).

<sup>57</sup> See generally SIEGRUN D. KANE, TRADEMARK LAW: A PRACTITIONER'S GUIDE (4th ed. 2006).

<sup>58</sup> *Id.* § 5:1.10.

<sup>59</sup> *Id.*

<sup>60</sup> See generally KANE, *supra* note 57, § 5.

<sup>61</sup> *Id.* § 5:2.2.

Traditionally, courts also look at how alleged offenders used a mark if the defendant raises a fair use affirmative defense.<sup>62</sup> The doctrine of fair use provides alleged offenders a defense where the defendant's use is only describing the defendant's goods.<sup>63</sup> The Lanham Act specifically spells out a fair use defense where:

[U]se of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, . . . of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin.<sup>64</sup>

The key component of the fair-use doctrine is "use otherwise than as a trademark," as long as the mark is not used to attract the attention of the public.<sup>65</sup> The fair-use defense can also be applied to descriptive uses of marks, as long as it is an accurate description of the product.<sup>66</sup> For example, a description of toothpaste as "the dentists' choice" was found not to infringe upon the trademark of "Dentists Choice" toothbrushes, because the toothpaste in question was the choice of certain dentists.<sup>67</sup> However, the fair-use doctrine is not treated as an absolute defense<sup>68</sup> and, like all affirmative defenses, needs to be asserted by the defendant before the court can evaluate its merits, in these cases, the use of the mark.<sup>69</sup>

Fair use doctrine frequently clashes with the likelihood to cause confusion standard.<sup>70</sup> The Supreme Court addressed some of those issues in its holding in *KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.*<sup>71</sup> In this holding, the Court stated that a defendant asserting fair use has no burden to negate any likelihood of confusion and that fair use defense applies in cases even when there is some degree of actual consumer confusion.<sup>72</sup> However, the Court did not address how likelihood of confusion could be relevant when determining a

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<sup>62</sup> *Id.* § 12:2.4.

<sup>63</sup> *Id.* (citing 15 U.S.C. § 1115(b)(4)).

<sup>64</sup> 15 U.S.C. 1115(b)(4) (2012).

<sup>65</sup> KANE, *supra* note 57, § 12:2.4.

<sup>66</sup> *Id.*

<sup>67</sup> *Wonder Labs, Inc., v. Procter & Gamble Co.*, 728 F. Supp. 1058, 1064 (S.D.N.Y. 1990).

<sup>68</sup> *See* KANE, *supra* note 57, § 12:24[C].

<sup>69</sup> *Id.*

<sup>70</sup> *Id.*

<sup>71</sup> *See id.* (citing *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004)).

<sup>72</sup> *Id.*

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defendant's fair use or how much confusion is necessary to reject a fair use defense, if any.<sup>73</sup>

## F. THE SIXTH CIRCUIT'S "USE" GATEWAY

Recently, the Sixth Circuit has challenged the traditional way of evaluating likelihood to cause confusion.<sup>74</sup> In *Hensley Manufacturing, Inc. v. ProPride Inc.*, the Sixth Circuit held that before evaluating whether a trademark use infringes upon the proprietor's rights, the court first must determine whether the alleged offender used the trademarked symbol as a mark.<sup>75</sup> A court could, for example, hold a magazine did not infringe on a trademark if it used a trademarked symbol in a cover story, but not as a trademark.<sup>76</sup> Thus, this new gateway test allows the court to decide on cases without having to enter into the complicated, multi-factor likelihood to cause confusion analysis.<sup>77</sup> Additionally, it provides parties with notice that they can use certain trademarked marks and symbols without fear of infringing the proprietor's exclusivity rights, as long as they do not use the symbol as a mark.<sup>78</sup>

The Sixth Circuit stated that "[t]he touchstone of liability [for trademark infringement] is whether the defendant's use of the disputed mark is likely to cause confusion among consumers regarding the origins of the goods."<sup>79</sup> The court held that the first step in trademark infringement analysis should be determining if the defendant used the mark in a manner to identify the source of its goods.<sup>80</sup> If the mark is not being used to identify the good's source, then the mark is being used in a non-trademarked manner and thus the use cannot be trademark infringement.<sup>81</sup>

It is important to note, the Sixth Circuit still acknowledges the eight-factor test set forth by the Second Circuit as the valid way of analyzing likelihood to cause consumer confusion.<sup>82</sup> However, what the Sixth Circuit determined in *Hensley Manufacturing* is that before entering that analysis the court must first answer the preliminary question: is the alleged infringer "using the challenged mark in a way that identifies the source of their goods?"<sup>83</sup> The Sixth Circuit

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<sup>73</sup> *Id.*

<sup>74</sup> *Hensley Mfg. v. ProPride, Inc.*, 579 F.3d 603 (6th Cir. 2009).

<sup>75</sup> *Id.* at 610.

<sup>76</sup> DRATLER, *supra* note 24, § 10.01.

<sup>77</sup> *Id.*

<sup>78</sup> *Id.*

<sup>79</sup> *Hensley Mfg.*, 579 F.3d at 610 (alteration in original) (quoting *Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Ctr.*, 109 F.3d 275, 280 (6th Cir. 1997)).

<sup>80</sup> *Id.*

<sup>81</sup> *Id.*

<sup>82</sup> *Id.*

<sup>83</sup> *Id.* (citing *Interactive Prods. Corp. v. A2Z Mobile Office Sols., Inc.*, 326 F.3d 687, 695 (6th Cir. 2003)).

held that if the answer to that question is “no,” then the defendant can not be infringing on a trademark.<sup>84</sup> Therefore, analyzing the eight-factor test is unnecessary.<sup>85</sup> What the Sixth Circuit has essentially established is a gateway test to trademark disputes based on how the allegedly infringed upon trademark was used.

The Sixth Circuit argued that the Second Circuit had essentially applied the same logic in a similar case.<sup>86</sup> The Second Circuit stated in *Madrigal Audio Laboratories, Inc. v. Cello, Ltd.*, that

“[w]hen an individual sells no more than the right to use his name as a trade name or trademark,” he is not precluded, “from taking advantage of his individual reputation . . . by establishing a company which competes against the purchaser . . .” or “from advertising . . . that he is affiliated with a new company.”<sup>87</sup>

The Sixth Circuit read the *Madrigal* holding to mean that because the use of the name in that case was not likely to cause consumer confusion regarding the origin of goods, the Second Circuit found in favor of the plaintiff without needing to evaluate the eight factors.<sup>88</sup> Therefore, the Second Circuit essentially performed the gateway test without explicitly stating so.<sup>89</sup>

The Sixth Circuit also distinguished its “use gateway” from the traditional fair use defense.<sup>90</sup> The initial question of use would be addressed while the court is assessing likelihood to cause confusion, the fundamental element of if a trademark claim may exist. This evaluation comes before the defendant would raise any fair use affirmative defense, a different test in the Sixth Circuit’s eyes.<sup>91</sup> Though the court did acknowledge, according to the specific facts of *Hensley Manufacturing*, that a fair use defense would apply in that case, it saw no need to go down that road because of the absence of likelihood to cause consumer confusion under the “use gateway.”<sup>92</sup>

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<sup>84</sup> *Id.*

<sup>85</sup> *Id.*

<sup>86</sup> *Id.*

<sup>87</sup> *Id.* (alteration in original) (quoting *Madrigal Audio Labs. v. Cello, Ltd.*, 799 F.2d 814, 823 (2d Cir. 1986)).

<sup>88</sup> *Id.*

<sup>89</sup> *Id.*

<sup>90</sup> *Id.* at 611–12.

<sup>91</sup> *Id.* at 612.

<sup>92</sup> *Id.*

## G. THE SECOND CIRCUIT REJECTS THE “USE” GATEWAY

The Second Circuit has expressly rejected the “use” threshold set forth by the Sixth Circuit.<sup>93</sup> In *Kelly-Brown*, the defendants raised an argument that they were not liable because they did not use the allegedly infringed upon trademark in the requisite manner needed to be held liable under the Sixth Circuit’s gateway test.<sup>94</sup> The Second Circuit stated that “[t]he Sixth Circuit’s approach does not cohere with our jurisprudence on consumer confusion.”<sup>95</sup> The court instead stated it would apply the eight-factor *Polaroid* balancing test regardless of how the trademarked symbol in question was used. The reasons why the Second Circuit rejected the gateway test will be discussed in Section III. The Second Circuit also did not address the Sixth Circuit’s understanding of the *Madrigal* holding in the *Kelly-Brown* holding.

## III. WHY SPLIT? BENEFITS AND PITFALLS OF THE 6TH CIRCUIT’S GATEWAY TEST

## A. ARGUMENT FOR ADOPTION OF THE SIXTH CIRCUIT’S GATEWAY

The introduction of the “use gateway” by the Sixth Circuit provides courts with several advantages not available under the traditional approach. The first is greater judicial efficiency. By introducing the gateway, courts are now able to dismiss or rule on a trademark dispute without going through the eight-factor test to determine likelihood to cause confusion.<sup>96</sup> Through the litigation process, going through arguments and analysis of all eight factors is time-consuming and arduous. This gateway provides courts the opportunity to avoid that analysis in cases where the defendant clearly did not use the symbol as a mark. In many instances, that eight-factor analysis would be followed by the defendant raising a fair use defense, causing the court to evaluate how the mark was used anyway, taking more of the court’s time.

The second benefit of the Sixth Circuit’s gateway is providing notice to potential infringers.<sup>97</sup> The gateway gives these potential users of the symbol a bright-line rule on when they can use certain trademarks without fear of an infringement suit. As long as they are not using the symbol as a mark, potential users know they are safe. This allows them the benefit of being able to use the mark without fear of being sued and then having to rely on the fair use defense.

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<sup>93</sup> *Kelly-Brown v. Winfrey*, 717 F.3d 295, 307 (2d Cir. 2013).

<sup>94</sup> *Id.* at 305.

<sup>95</sup> *Id.* at 307.

<sup>96</sup> DRATLER, *supra* note 24, § 10.01.

<sup>97</sup> *Id.*

To put it simply, the Sixth Circuit has simplified complicated, potential issues in trademark infringement cases. The gateway test establishes a bright-line rule of when a trademark can be used by someone other than the owner without fear of infringing upon that trademark. Judges, litigants, and counsel all benefit from the existence of the bright-line gateway by having a clear picture of what the rule is, without having to go into the eight-factor test and then raising a potential fair-use defense. Now if it is clear the alleged infringed upon symbol is not being used as a mark that is likely to cause consumer confusion, courts can make speedier decisions allowing for more efficient use of the court's time.

#### B. ARGUMENT AGAINST THE USE OF THE SIXTH CIRCUIT'S GATEWAY

While the Sixth Circuit's gateway test certainly provides the courts with some benefits to resolving trademark disputes, it also has downfalls. The Second Circuit pointed out several of these flaws in the *Kelly-Brown* holding. In that holding, the Second Circuit stated "[t]he Sixth Circuit has made a judgment that no consumer will be confused unless the defendant is using the infringing content as a mark."<sup>98</sup> What the Second Circuit is addressing is the potential instance in which the trademarked symbol in question may not be used as a mark per se, but the presence of the mark may still cause consumers to be confused as to the origin of the product. The Second Circuit points to two specific instances where it ruled a symbol was not used as a mark but the court still held that the trademark's use caused consumer confusion: *EMI Catalogue Partnership v. Hill, Holliday, Connors, Cosmopolus Inc.* and *Louis Vuitton Malletier v. Burlington Coat Factory Warehouse Corp.*<sup>99</sup> The Second Circuit stated that under the Sixth Circuit's new approach, both of these cases would have been dismissed without addressing a central question in evaluating likelihood to cause consumer confusion: whether customers were actually confused.<sup>100</sup>

In rejecting the gateway test in its *Kelly-Brown* holding, the Second Circuit also pointed to the particular and individual nature of the facts of each trademark infringement case.<sup>101</sup> This fact-specific nature of trademark cases makes it necessary, in the Second Circuit's opinion, to apply all eight of the *Polaroid* factors on a case-by-case basis to reach an appropriate decision on

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<sup>98</sup> See *Kelly-Brown*, 717 F.3d at 307.

<sup>99</sup> *Id.* (citing *EMI Catalogue P'ship v. Hill, Holliday, Connors, Cosmopolus Inc.*, 228 F.3d 56, 64, 67–68 (2d Cir. 2000)); *Louis Vuitton Malletier v. Burlington Coat Factory Warehouse Corp.*, 426 F.3d 532, 539 (2d Cir. 2005) (stating in both cases the court found actual confusion existed amongst consumers despite the trademarked symbol in question not being used as a mark)).

<sup>100</sup> *Id.*

<sup>101</sup> *Id.*

likelihood to cause confusion.<sup>102</sup> Doing otherwise could lead to an incomplete or incorrect decision on whether an infringement occurred.

The Second Circuit further asserted in its *Kelly-Brown* holding that the Sixth Circuit wrongfully elevated one consideration, use, above all eight of the *Polaroid* factors in a manner “inconsistent with this Circuit’s approach to Lanham Act cases,”<sup>103</sup> as demonstrated by the previously discussed rulings of the court of allowing certain cases to move forward even if the trademarked symbol in question was not being used as a mark, depending on other facts or factors. The Second Circuit was particularly peeved that the consideration raised by the Sixth Circuit - how the mark is being used - was not even one of the well-established factors that courts had been relying upon for decades.<sup>104</sup> Each of the grievances raised by the Second Circuit against the Sixth Circuit’s gateway test presents valid reasoning for why the new gateway should not usurp the traditional way of evaluating likelihood to cause confusion.

#### IV. WHERE TO GO FROM HERE? WHAT IS CONVENIENT MAY NOT ALWAYS BE WHAT IS BEST

Convenience and efficiency, while beneficial, are not always the most sought-after qualities in litigation. Although the Sixth Circuit’s intentions in applying its gateway test were good, seeking to prevent what would ultimately be, in its opinion, frivolous litigation. In trying to accomplish this goal it proposed a test that proved ultimately, as the Second Circuit correctly pointed out, to be far too over-inclusive.<sup>105</sup> Allowing cases of potential actual consumer confusion to be dismissed prematurely, before likelihood to cause confusion can be determined, is irresponsible. That is the reason why going forward Courts should refrain from adopting the “gateway test.”

As previously stated, the purpose of a trademark is to identify and distinguish goods to the purchaser as provided by a specific seller.<sup>106</sup> Thus, it can be inferred, that if the placement of a trademarked logo on a product, regardless of its technical use, causes actual confusion for a prospective purchaser as to the origin of the product, a trademark infringement might be possible. The Second Circuit showed that the Sixth Circuit’s use gateway would allow for certain circumstances of trademark use that cause actual confusion to be dismissed, leading to over-inclusivity.<sup>107</sup>

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<sup>102</sup> *Id.*

<sup>103</sup> *Id.*

<sup>104</sup> *Id.*

<sup>105</sup> *Id.*

<sup>106</sup> See 1 MCCARTHY, *supra* note 1.

<sup>107</sup> See *Kelly-Brown*, 717 F.3d at 307.

Because of the over-inclusive nature of the gateway test, the Sixth Circuit's position should not be applied. Judicial efficiency, simplicity, and fair notice are all valid concerns when trying to determine a bright-line rule for when to proceed with litigation. However, these factors should not outweigh the underlying purpose of the law the litigation is seeking to protect. The Sixth Circuit, in searching for a way to make trademark litigation more efficient, prioritized likelihood to cause confusion over whether or not actual confusion may exist, undermining the primary purposes of a trademark. For this reason, though tedious, courts should follow the Second Circuit and continue to use the eight-factor *Polaroid* test, without first applying the Sixth Circuit's gateway.