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Is This Going to Be on the Test? Reconciling the Four-Way Circuit Split over Handling Nominative Fair Use

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**IS THIS GOING TO BE ON THE TEST? RECONCILING THE FOUR-
WAY CIRCUIT SPLIT
OVER HANDLING NOMINATIVE FAIR USE**

*Christian Ferlan**

*Nominative fair use quietly allows the media to name sports teams, musical groups, and other trademarked sources in their reports, for the most part, without liability for infringement. Consumers rely on nominative fair use to make efficient purchasing decisions. It allows consumers to research and find third-party reviews directly naming and comparing brands. Without nominative fair use, consumers would have to rely on descriptions of competing products not having the benefit of source identifying marks. Producers rely on nominative fair use to compare their products to those of competitors as well as to describe certain qualities of their products. The United States Circuit Courts of Appeals disagree on how to determine whether a nominative use of another's mark is a nominative fair use or an infringement. The Second Circuit in *International Information Systems Security Certification Consortium v. Security University* created an eleven-part inquiry into nominative fair use. This Recent Development argues that the Second Circuit should have instead seized the opportunity to adopt the Ninth Circuit's simpler three-part test for nominative fair use.*

I. INTRODUCTION—FAIR USE AND UNFAIR COMPETITION.....	34
II. TRADEMARK AND CERTIFICATION MARK LAW	40
A. Statutory Authority.....	41
B. Common Law Addressing “Likelihood of Confusion” Inquiries	44
C. Nominative Fair Use.....	45
III. SO WHAT IS THE TEST? IT DEPENDS	48
A. Where the Debate Started—The Ninth Circuit	49
B. The Bifurcated Approach—The Third Circuit	51
C. Splitting the Difference—The Second Circuit.....	54

IV. WHAT SHOULD BE THE TEST FOR NOMINATIVE FAIR USE? 57	
A. <i>The Second Circuit Should Have Adopted the Ninth Circuit Nominative Fair Use Test that District Courts in the Second Circuit Had Been Using</i>	58
1. <i>District Courts Accepting the Ninth Circuit Formulation</i>	60
2. <i>The Third Circuit’s Approach Misinterprets the Doctrine</i>	61
B. <i>The Polaroid Factors Do Not Easily Apply to Nominative Fair Use Cases</i>	64
1. <i>Polaroid Factors One through Four Unfairly Weigh in Favor of Confusion</i>	65
2. <i>Removing Polaroid Factors from the Nominative Fair Use Analysis Would Lead to More Consistent and Correct Results</i>	66
C. <i>An Untested Eleven-Part Analysis of Nominative Fair Use Is Inefficient Because It Causes Repetitive Litigation and Requires Time to Develop</i>	68
1. <i>The Second Circuit’s Longer Analysis Causes Repetitive Litigation</i>	69
2. <i>An Unsettled Standard Raises Costs in and out of Court</i>	71
V. CONCLUSION	73

I. INTRODUCTION—FAIR USE AND UNFAIR COMPETITION

Similar to the way the trademarked Apple logo gives consumers information about the product bearing the mark such as its price, ease of use, and source,¹ certification marks expressly

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¹ See *Filipino Yellow Pages, Inc. v. Asian Journal Publ’ns, Inc.*, 198 F.3d 1143, 1147 (9th Cir. 1999) (first quoting *Official Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 1391 (9th Cir. 1993); and then 1 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 12.01 (3d ed. 1992)) (“A mark answers the buyer’s questions ‘Who are you?’ ‘Where do you come from?’ ‘Who vouches for you?’ But the [generic] name of the product answers the question ‘What are you?’”); *Apple Trademark List*, APPLE, INC., <http://www.apple.com/legal/intellectual-property/trademark/appletmlist.html> (last visited Oct. 13, 2016).

serve to tell consumers that the product or service has a certain “regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person’s goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.”² Without certification marks consumers would not know if their groceries are actually organic,³ or if the person a business hires to protect its data knows how to develop a security program.⁴

Because someone other than the owner uses a certification mark,⁵ owners have a greater interest in controlling how consumers see the mark.⁶ Likewise, users have an interest in controlling how

² 15 U.S.C. § 1054 (2012). *See, e.g., ENERGY STAR certification for your building*, U.S. ENVTL. PROT. AGENCY & DEP’T OF ENERGY, <https://www.energystar.gov/buildings/facility-owners-and-managers/existing-buildings/earn-recognition/energy-star-certification> (last visited Nov. 1, 2016) (explaining the qualifications for ENERGY STAR certification and what the ENERGY STAR certification mark tells consumers—whatever is bearing the mark is “an energy-efficient top performer that saves money without sacrificing performance”); U.S. PATENT & TRADEMARK OFFICE, TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1306.05(j) (2016), https://mpep.uspto.gov/RDMS/TMEP/current#/current/ch1300_d22670_21150_d.html (showing examples of geographic certification marks including the “Grown in Idaho” mark printed in a silhouette of the state of Idaho that “certifies that goods identified by the mark are grown in Idaho and that the goods conform to quality, grade and other requirements, pursuant to standards designated by the Applicant”).

³ *See* AGRIC. MKTG. SERV., *Organic Standards*, U.S. DEP’T. OF AGRIC., <https://www.ams.usda.gov/grades-standards/organic-standards> (last visited Sept. 30, 2016).

⁴ *See Certified Information Systems Security Professional*, INT’L INFO. SYS. SEC. CERTIFICATION CONSORTIUM, <https://www.isc2.org/cissp/default.aspx> (last visited Sept. 30, 2016).

⁵ 15 U.S.C. § 1127 (2012).

⁶ *See Int’l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 163 (2d Cir. 2016) (citing *Levy v. Kosher Overseers Ass’n of Am.*, 104 F.3d 38, 39 (2d Cir. 1997)) (“[I]t is important for a consumer to recognize the marks of the certification agencies that he trusts,” and discussing whether the alleged infringing mark is ‘confusingly similar’ to the plaintiffs’ mark.”); *see also* Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1916 (2007) (“Producers are able to frame just about any argument for broader protection in terms of consumer

competitors display the mark to keep the playing field level.⁷ When users display the mark exactly as it is registered, consumers can determine its exact meaning.⁸ However, when some users alter the appearance of the mark or add adjectives to set their products and services apart,⁹ consumers get a false impression that the user's products or services meet a different, higher standard than competitors do.¹⁰

Normally, use of another's mark or something close to it brings a "likelihood of confusion" inquiry.¹¹ However, when the user has little or no choice but to employ another's mark to describe the user's products or services,¹² users are protected under the "fair use" defense as long as the mark is used descriptively rather than for its normal purpose of source identification.¹³ In addition, the

expectations, which they are in position to influence systematically through marketing.").

⁷ See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 767–68 (1992) (quoting 15 U.S.C. § 1127 (2012)) ("The Lanham Act was intended to make 'actionable the deceptive and misleading use of marks' and 'to protect persons engaged in commerce . . . against unfair competition.'"); see also Michael S. Mireles, Jr., *Towards Recognizing and Reconciling the Multiplicity of Values and Interests in Trademark Law*, 44 IND. L. REV. 427 (2011).

⁸ See generally 15 U.S.C. § 1127 (2012).

⁹ For example, adding "super" to the "Organic" certification mark, falsely leading consumers to believe that the product bearing "Super Organic" is more organic than a product with the "Organic" certification mark. See *cf. Sec. Univ.*, 823 F.3d at 157 (condemning defendant's use of "Master" with plaintiff's certification mark as if to indicate that the certification could be mastered and plaintiff offered this higher certification).

¹⁰ See *id.* at 158.

¹¹ See generally, e.g., *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961) (laying out a list of eight non-exclusive factors that courts should consider when determining whether one mark is too similar to another mark such that consumers could be confused or misled as to the relationship between the marks and the users); see also *Sec. Univ.*, 823 F.3d at 159–60 (quoting *Levy v. Kosher Overseers Ass'n of Am., Inc.*, 104 F.3d 38, 39 (2d Cir. 1997)) ("[c]ertification marks are generally treated the same as trademarks for purposes of trademark law").

¹² See, e.g., *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350, 352 (9th Cir. 1969) (permitting a business to use a registered trademark, the VW symbol, to describe its services, fixing Volkswagens).

¹³ 15 U.S.C. § 1115(b)(4) (2012); *KP Permanent Make-Up Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 114 (2004).

Ninth Circuit developed the doctrine of nominative fair use, which allows businesses to use another's mark to refer to the mark owner's products or services.¹⁴ Both fair use and nominative fair use promote competition because the "likelihood of confusion" factors¹⁵ tend to weigh in favor of restricting use simply because the user has no choice but to employ another's mark.¹⁶

Certification marks fit neatly into nominative fair use because by definition the mark must be "used by a person other than its owner."¹⁷ Moreover, in the same way a nominative use of a trademark refers to its owner's goods or services, certification marks are used to refer to the mark owner's standard for certain qualities or characteristics of the product or service bearing the mark.¹⁸ In addition, an independent nominative fair use test promotes judicial efficiency by eliminating discussion of contextually erroneous factors and focusing on the defendant's need to use the mark and whether the defendant misrepresented the plaintiff's relation to the use.¹⁹ The Ninth Circuit controlled for

¹⁴ See, e.g., *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 304–06 (9th Cir. 1992) (allowing newspapers to use the New Kids on the Block trademark in a poll, likening such use to a local newspaper being able to name the Chicago Bulls in a recap of the previous night's game rather than requiring authors to say "the professional basketball team from Chicago").

¹⁵ See *infra* Part II. Section B. (explaining in part that the verbiage of factors will differ depending on the jurisdiction but the inquiry is essentially the same); see also BARTON BEEBE, *TRADEMARK LAW: AN OPEN-SOURCE CASEBOOK*, Part II: Trademark Infringement, 37 (3d ed. 2016), <http://tmcasbook.org/wp-content/uploads/2016/08/BeebeTMLaw-3.0-Part-2-Infringement.pdf> (showing a chart of each circuit's likelihood of confusion factors, marking common factors and factors unique to individual circuits in part because the factor tests came out of single cases from which courts adapt their interpretations and applications of the individual factors).

¹⁶ See *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (9th Cir. 2002) (describing the need to exclude "likelihood of confusion" factors as unnecessary and unfairly weighing in favor of restricting use).

¹⁷ 15 U.S.C. § 1127 (2012).

¹⁸ Compare 15 U.S.C. § 1127 (requiring certification marks to be registered for use by someone other than the owner to refer to the owner's certification standards), with *New Kids on the Block*, 971 F.2d at 308 (giving businesses the ability to refer to the mark owner's product or service).

¹⁹ See *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 225 (3d Cir. 2005) (discussing the need to consolidate parts of a likelihood of

such confusion by limiting the “likelihood of confusion” inquiry to considering how the mark is used and what alternatives are available to the user.²⁰ However, since 1992 when the Ninth Circuit introduced the doctrine, circuits have split over how exactly they should approach the issue, the Third Circuit split in 2005,²¹ and the Second Circuit split in 2016.²²

In 2005, the Third Circuit created the circuit split by rejecting the Ninth Circuit’s decision to replace the “likelihood of confusion” analysis with a three-part test for nominative fair use.²³ Instead, the Third Circuit adopted a broader, bifurcated approach that made nominative fair use an affirmative defense, giving defendants the opportunity to prevail even if the plaintiff proves “likelihood of confusion.”²⁴ It did, however, shorten the potentially extensive analysis by instructing district courts to review only the

confusion inquiry in a nominative fair use context); *see also* 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:11 (4th ed. 2016) (“The Ninth Circuit, in crafting a separate category of a ‘nominative fair use’ analysis, created a specialized tool to analyze a certain class of cases of alleged infringement. In that class of cases, there may be a competitive need to use another’s trademark to identify the plaintiff in a way that is not likely to confuse customers.”).

²⁰ *See New Kids on the Block*, 971 F.2d at 308 (“First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.”).

²¹ *See id.* at 304; *see also Century 21 Real Estate*, 425 F.3d 211, 222 (3d Cir. 2005) (“Today we adopt a two-step approach in nominative fair use cases.”).

²² *See generally Int’l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153 (2d Cir. 2016).

²³ *See Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (9th Cir. 2002) (quoting *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2002)) (stating that the *New Kids on the Block* test “better evaluates the likelihood of confusion in nominative [fair] use cases”).

²⁴ *Century 21 Real Estate*, 425 F.3d at 222 (giving broader protections for nominative fair use than the Ninth Circuit grants under *New Kids* by allowing a defendant to prevail despite a plaintiff proving “likelihood of confusion”).

relevant “likelihood of confusion” factors in nominative fair use cases.²⁵

Most recently, the Second Circuit deepened the split.²⁶ The Second Circuit held that nominative fair use is not an affirmative defense, but constructed a similar standard to that of the Third Circuit.²⁷ Now, district courts in the Second Circuit must deliberately review each of the eight “likelihood of confusion” factors, and then discuss the Ninth Circuit’s three-part nominative fair use test, creating an eleven-step review for nominative fair use claims.²⁸

Part II of this Article examines the statutory basis of trademark rights and the limits that courts have placed on those rights through developing “fair use” doctrines along with the issues courts have faced along the way.²⁹ Part III then compares the standards set by the Ninth, Third, and Second Circuits for the doctrine of nominative fair use, discussing the rationale for each decision and effects on future litigation.³⁰ Part IV argues that the Second Circuit’s new approach runs contrary to the doctrine because the mark is created for the defendant’s use, which makes multiple “likelihood of confusion” factors consistently inapplicable.³¹ Moreover, the Ninth Circuit test that district courts in the Second

²⁵ *Century 21 Real Estate*, 425 F.3d at 225–26 (asking future courts only to examine relevant factors).

²⁶ *See generally Sec. Univ.*, 823 F.3d 153 (overruling the Second Circuit’s district courts’ established practice of using the Ninth Circuit’s three-part test, substituting an eleven-part analysis).

²⁷ *See id.* at 167–68 (describing the Third Circuit method, then laying out the approach for future Second Circuit cases).

²⁸ *See id.* at 168 (requiring future courts to evaluate every “likelihood of confusion” factor including those that do not apply, explaining why they do not apply, before moving to the nominative fair use test).

²⁹ *Infra* Part II. Section A.

³⁰ *Infra* Parts III., IV.

³¹ *See* 15 U.S.C. §§ 1054, 1127 (2012); *see also Sec. Univ.*, 823 F.3d at 168 (requiring review of every factor despite the fact that “similarity of the marks,” “strength of the mark,” and “proximity of the products and their competitiveness with one another” will weigh in favor of the plaintiff when the whole point of a certification mark is for another’s use, and nominative fair use is the defendant describing the plaintiff’s product).

Circuit had been using for at least ten years³² will save judicial resources by focusing opinions on relevant factors.³³ Further, a uniform test will help users and potential litigants make rational decisions based on an established legal standard and reduce litigation costs that result from briefing and litigating eleven issues – some irrelevant – rather than just three.³⁴

II. TRADEMARK AND CERTIFICATION MARK LAW

American trademark law grew out of English law in which guilds required members to display the guild's mark on products in order to cultivate goodwill for the guild.³⁵ In general, trademarks are source identifiers.³⁶ As it stands today, the purpose of trademark law is to protect consumers from deception and encourage competition among producers.³⁷ By giving producers

³² See generally *Car–Freshner Corp. v. Getty Images, Inc.*, 822 F. Supp. 2d 167, 177–78 (N.D.N.Y. 2011); *Audi AG v. Shokan Coachworks, Inc.*, 592 F. Supp. 2d 246, 269–70 (N.D.N.Y. 2008) (collecting cases); *Yurman Studio, Inc. v. Castaneda*, 591 F. Supp. 2d 471, 500–02 (S.D.N.Y. 2008); *M. Shanken Commc'ns, Inc. v. Cigar500.com*, No. 07 CIV. 7371(JGK), 2008 WL 2696168, at *11 (S.D.N.Y. July 7, 2008); *Merck & Co. v. Mediplan Health Consulting, Inc.*, 425 F. Supp. 2d 402, 413 (S.D.N.Y. 2006).

³³ See *New Kids on the Block v. News Am. Publ'g Inc.*, 971 F.2d 302, 308 (1992); see also *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (2002) (making the three nominative fair use factors from *New Kids* the only factors to consider in nominative fair use cases).

³⁴ See generally William McGeeveran, *The Trademark Fair Use Reform Act*, 90 B.U. L. REV. 2267 (2010) (describing the financial considerations of litigating a nominative fair use dispute); compare *New Kids on the Block*, 971 F.2d at 308, and *Cairns*, 292 F.3d at 1151 (making the three nominative fair use factors from *New Kids* the only factors to consider in nominative fair use cases), with *Sec. Univ.*, 823 F.3d at 168 (laying out eleven factors for future courts to consider in every case involving nominative fair use).

³⁵ BEEBE, *supra* note 15, Introduction at 3–4.

³⁶ *Basic Facts: Trademarks, Patents, and Copyrights*, U.S. PATENT AND TRADEMARK OFFICE, <https://www.uspto.gov/trademarks-getting-started/trademark-basics/trademark-patent-or-copyright> (last visited Nov. 1, 2016).

³⁷ See generally McKenna, *supra* note 6; see also BEEBE, *supra* note 15, Introduction at 19 (describing trademarks as a “merchandising short-cut” that allow consumers to make quick, rational purchasing decisions and give

limited property rights³⁸ in the marks they use to distinguish their products or services from competitors, the law assures consumers that when they look for a new cell phone, the phones with an apple on the back come from Apple, not Samsung or Google.³⁹ At the same time, the law encourages producers to invest in the quality of their products or services to develop a positive reputation among consumers knowing that competitors cannot profit off of the goodwill associated with their trademark.⁴⁰ This section will explore in more detail (A) the statutory authority for trademark claims; (B) the common law approaches to analyzing trademark claims; and (C) the development of fair use doctrines, specifically nominative fair use.

A. Statutory Authority

The Lanham Act⁴¹ lays the foundation on which courts have built the body of trademark law.⁴² The Lanham Act protects owners of trademarks from unauthorized use and misuse of their marks to preserve the integrity and value of the mark for the

producers the opportunity to influence the minds of consumers through verbal, auditory, visual, and olfactory associations in advertising their marks).

³⁸ See McKenna, *supra* note 6, at 1840 (“Significantly, this approach did not generate broad and absolute rights in a trademark. Instead, courts traditionally protected the exclusive right to use a trademark only within a particular field of trade and as against direct competitors.”); *see infra* Part II. Section C.

³⁹ McKenna, *supra* note 6, at 1844 (“By preserving the integrity of these symbols, trademark law benefits consumers in both a narrow sense (by protecting them from being deceived into buying products they do not want) and a broad sense (by allowing consumers to rely on source indicators generally and thereby reducing the costs of searching for products in the market).”).

⁴⁰ *Id.* at 1856 (“Likewise in *Hogg v. Kirby*, the Chancery Court intervened because it considered the publication by the defendant of what appeared to be a continuation of plaintiff’s magazine a fraud upon the goodwill of the plaintiff’s periodical.”).

⁴¹ The Lanham Act is the main federal statute governing trademark law, laying the framework for what can be registered, what rights are associated with registration, what are competitors’ rights, and how those rights are violated. *See* 15 U.S.C. § 1051(a)–(e) (2002); *see also Overview of Trademark Law*, HARVARD LAW, <https://cyber.harvard.edu/metaschool/fisher/domain/tm.htm> (last visited Sept. 30, 2016).

⁴² *See* KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111, 121, (2004).

owner, along with the relationship that the owner has built with consumers.⁴³ A successful claim of certification mark infringement requires two showings: first, that the mark merits protection, and second, that the defendant's use of the mark or a similar mark is likely to cause confusion.⁴⁴

When unauthorized entities use a trademark or authorized entities misuse a trademark, the owner can sue for infringement in order to protect the integrity and value of the mark for the owner and its reputation amongst consumers.⁴⁵ Although trademarks are used as source identifiers,⁴⁶ infringing use of the mark is not limited to confusion about the source.⁴⁷ Likelihood of confusion as to the mark owner's sponsorship, connection, affiliation, or approval of the defendant's use will also give rise to an infringement claim.⁴⁸

For example, the Dallas Cowboys Cheerleaders' uniforms are a trademark of the organization.⁴⁹ In 1978, Pussycat Cinema Ltd. produced and showed its movie, "Debbie Does Dallas" telling the fictional story of Debbie, a girl chosen to become a "Texas Cowgirl" cheerleader, who had to perform sexual acts in order to pay for her travel expenses to get to Dallas.⁵⁰ During the film,

⁴³ See 15 U.S.C. § 1125 (2012) (defining infringement); see also McGeeveran, *supra* note 34, at 2277 ("Brand managers and their trademark attorneys define their professional success by protecting and strengthening the value of [their marks].").

⁴⁴ *Brennan's, Inc. v. Brennan's Rest., L.L.C.*, 360 F.3d 125, 129 (2d Cir. 2004); see, e.g., *Am. Angus Ass'n v. Sysco Corp.*, 829 F. Supp. 807, 819 (W.D.N.C. 1992) (enjoining defendant's use of "Supreme Certified Angus Beef" as likely to cause confusion with plaintiff's [registered] certification "Certified Angus Beef," because "there [was] almost a certainty that customers will be led to believe [Certified Angus Beef] has introduced a new line").

⁴⁵ See generally 15 U.S.C. §§ 1114 (imitation of registered mark), 1125 (false designation of origin) (2012).

⁴⁶ *Id.* § 1127.

⁴⁷ See *id.* § 1125(a)(1)(A).

⁴⁸ See *id.*; *Int'l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 161 (2d Cir. 2016); 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:11 (4th ed. 2016).

⁴⁹ *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 202 (2d Cir.1979).

⁵⁰ *Id.* at 202-03.

Debbie is shown wearing a uniform very similar to that of the Dallas Cowboys Cheerleaders while performing sexual acts.⁵¹ The Dallas Cowboys successfully sued, claiming that although viewers would probably not be confused as to whether the Dallas Cowboys were the source of the film, viewers were likely to be misled into believing that the Dallas Cowboys sponsored or otherwise approved of the use of the cheerleading uniform and, by association, Debbie's chosen method of earning the uniform.⁵²

The owner of the mark does not have unlimited, irrefutable rights to control its use.⁵³ The Lanham Act⁵⁴ carves out exceptions that allow others to use the mark without authorization and free of liability.⁵⁵ One such exception, "descriptive fair use" is a defense for the alleged infringement when the "term is used descriptively, not as a mark, fairly, and in good faith."⁵⁶ In other words, a business may use another's mark to describe its own goods or services in good faith, as long as the use is not likely to confuse

⁵¹ *Id.* at 203 ("Defendants advertised the movie with marquee posters depicting Debbie in the allegedly infringing uniform and containing such captions as 'Starring Ex Dallas Cowgirl Cheerleader Bambi Woods' and 'You'll do more than cheer for this X Dallas Cheerleader.'").

⁵² *Id.* at 204–05 ("Appellants read the confusion requirement too narrowly. In order to be confused, a consumer need not believe that the owner of the mark actually produced the item and placed it on the market. The public's belief that the mark's owner sponsored or otherwise approved the use of the trademark satisfies the confusion requirement.") (internal citations omitted).

⁵³ McKenna, *supra* note 6, at 1841.

⁵⁴ See generally, 15 U.S.C. § 1051(a)–(e) (2012); see also *Overview of Trademark Law*, HARVARD LAW, <https://cyber.harvard.edu/metaschool/fisher/domain/tm.htm> (last visited Sept. 30, 2016).

⁵⁵ See 15 U.S.C. § 1115(b) (2012) (establishing defenses to trademark infringement); see also *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 121 (2004) (granting fair use as a defense to trademark infringement).

⁵⁶ *KP Permanent Make-Up*, 543 U.S. at 124; see also *KP Permanent Make-Up, Inc.*, 543 U.S. at 112 (quoting 15 U.S.C. § 1115(b)(4) ("[U]se of the . . . term . . . charged to be an infringement is a use, otherwise than as a mark, . . . of a term . . . which is descriptive of and used fairly and in good faith only to describe the goods or services.")).

consumers as to the source of the product or the mark owner's sponsorship or affiliation with the product.⁵⁷

B. Common Law Addressing "Likelihood of Confusion" Inquiries

Circuit courts generally agree over how to analyze whether there is a likelihood of confusion.⁵⁸ In the Second Circuit, the *Polaroid*⁵⁹ factors as articulated in *Starbucks*⁶⁰ govern likelihood of confusion:

- (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 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

⁵⁷ See *infra* Part II Section C. *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 102 (2d Cir. 2010) ("The doctrine of nominative fair use allows a defendant to use a plaintiff's trademark to identify the plaintiff's goods so long as there is no likelihood of confusion about the source of the defendant's product or the markholder's sponsorship or affiliation.") (alterations and internal quotation marks omitted).

⁵⁸ See *Int'l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ. LLC*, 823 F.3d 153, 165 (2d Cir. 2016); see also, e.g., *George & Co. LLC v. Imagination Entm't Ltd.*, 575 F.3d 383, 393 (4th Cir. 2009) (laying out nine factors "(1) the strength or distinctiveness of the plaintiff's mark as actually used in the marketplace; (2) the similarity of the two marks to consumers; (3) the similarity of the goods or services that the marks identify; (4) the similarity of the facilities used by the markholders; (5) the similarity of advertising used by the markholders; (6) the defendant's intent; (7) actual confusion; (8) the quality of the defendant's product; and (9) the sophistication of the consuming public"); *Sabinsa Corp. v. Creative Compounds, LLC*, 609 F.3d 175, 182 (3d Cir. 2010) (listing ten factors); *Homeowners Grp., Inc. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1106 (6th Cir. 1991) (listing eight factors).

⁵⁹ See *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961) ("The problem of determining how far a valid trademark shall be protected with respect to goods other than those to which its owner has applied it, has long been vexing and does not become easier of solution with the years.").

⁶⁰ *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97 (2d Cir. 2009).

products; and (8) sophistication of consumers in the relevant market.⁶¹

The *Polaroid* factors, however, are not exclusive, and like other factor tests, a factor could be irrelevant to the claim.⁶² For example, the fourth factor, bridging the gap between the market in which the mark owner employs the mark and the market of the alleged infringer, is irrelevant when considering if a small coffee shop's logo is confusingly similar to the iconic Starbucks mermaid logo because the two users operate in the same space.⁶³ Likewise, discussing the "similarity of the marks" is unhelpful when Starbucks sues a newspaper for infringement claiming likelihood of confusion when the newspaper used the exact Starbucks logo in an article about complicated coffee orders.⁶⁴ Applying the factors should not overshadow what the court ultimately seeks to answer: "Whether, looking at the products in their totality, consumers are likely to be confused."⁶⁵

C. Nominative Fair Use

Traditional fair use as a defense to trademark infringement is grounded in the Lanham Act.⁶⁶ The provision protects defendants who use a name, term, or device "otherwise than as a mark, . . . which is descriptive of and used fairly and in good faith only to describe the goods or services of such party."⁶⁷ The Supreme Court applied this provision in *KP Permanent Make-Up, Inc. v. Lasting*

⁶¹ *Id.* at 115.

⁶² *Sec. Univ.*, 823 F.3d at 160 (2d Cir. 2016) (quoting *Arrow Fastener Co. v. Stanley Works*, 59 F.3d 384 (2d Cir. 1995)) ("No single factor is dispositive, and cases may certainly arise where a factor is irrelevant to the facts at hand.").

⁶³ *Starbucks*, 588 F.3d at 115.

⁶⁴ *See cf. New Kids on the Block*, 971 F.2d 302 (using the New Kids on the Block trade name in a newspaper article surveying readers about who their favorite member of the group is).

⁶⁵ *See Kelly–Brown v. Winfrey*, 717 F.3d 295, 307 (2d Cir. 2013) ("The application of the *Polaroid* test is not mechanical, but rather, focuses on the ultimate question of whether, looking at the products in their totality, consumers are likely to be confused.") (internal quotation marks omitted).

⁶⁶ *See generally* 15 U.S.C. § 1115(b)(4) (2012) (listing what the Court has dubbed "fair use" among several defenses to infringement).

⁶⁷ § 1115(b)(4).

Impression I, Inc.,⁶⁸ allowing the defendant to use the plaintiff's trademark "micro color" to describe the defendant's cosmetic products.⁶⁹ The Court found that "the defendant has no independent burden to negate the likelihood of any confusion in raising the affirmative defense that a term is used *descriptively, not as a mark*, and in good faith."⁷⁰ The Court, however, expressly declined to address the Ninth Circuit's analysis of nominative fair use in this context, leaving it up to the circuits to shape the doctrine.⁷¹

Nominative fair use differs slightly from traditional, descriptive fair use⁷² in that the non-owner uses the mark to describe the owner's goods or services because there is no reasonably available word other than the mark.⁷³ In other words, the non-owner uses the mark as a source identifier to refer to the product or service that it represents rather than using the mark to describe the non-owner's own product.⁷⁴ Nominative fair use gives businesses like car repair shops the ability to use names like Ford, Volkswagen, and Toyota in their advertising without infringing on the respective

⁶⁸ 543 U.S. 111 (2004).

⁶⁹ See generally *id.*

⁷⁰ *Id.* at 124 (emphasis added).

⁷¹ *Id.* at 115 n.3 ("The District Court's findings as to the generic or descriptive nature of the term 'micro color' and any secondary meaning that term has acquired by any of the parties, are not before us. Nor are the Court of Appeals's holdings on these issues. Nor do we address the Court of Appeals's discussion of 'nominative fair use.'") (internal citations omitted).

⁷² Descriptive fair use, grounded in the Lanham Act, allows parties other than the owner of the mark to use a mark to describe their own products or services. As a policy matter, fair use promotes competition by preventing businesses from monopolizing generic terms, thereby inhibiting other businesses from accurately describing and marketing their goods and services. See 15 U.S.C. § 1115(b)(4); see also *KP Permanent Make-Up*, 543 U.S. at 123 (recognizing fair use as a defense to an infringement claim over a trademarked word that described the mark owner's product and that the defendant needed to use to describe his own product).

⁷³ See *New Kids on the Block*, 971 F.2d at 308 (illustrating the need for specialized categories of fair use).

⁷⁴ See *id.* ("To be sure, this is not the classic fair use case where the defendant has used the plaintiff's mark to describe the defendant's *own* product. Here, the New Kids trademark is used to refer to the New Kids themselves.")

manufacturers' trademarks.⁷⁵ There remains a possibility that consumers could be confused about a connection between the user of the mark and the owner of the mark simply because the use in question is the exact mark.⁷⁶ The law tolerates this possibility as long as the user does not inaccurately imply connection with or sponsorship of the owner.⁷⁷ The issue of how and where nominative fair use fits in trademark litigation remains a point of debate between the circuits.⁷⁸ At the center of the debate is the role of the likelihood of confusion factors in the courts' analyses.⁷⁹ Courts first disagree over whether the likelihood of confusion factors belong in the discussion at all.⁸⁰ Second, courts disagree over whether the likelihood of confusion factors should be discussed in the same analysis as nominative fair use or separately, with nominative fair use being an affirmative defense.⁸¹

⁷⁵ *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350, 352 (9th Cir. 1969).

⁷⁶ *See KP Permanent Make-Up*, 543 U.S. at 121–22.

⁷⁷ *See id.* (“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.”); *see also New Kids on the Block*, 971 F.2d at 308 (internal quotation marks omitted) (quoting *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368, (1924)) (“When the mark is used in a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth.”).

⁷⁸ *See Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1150 (9th Cir. 2002) (setting forth the Ninth Circuit’s position on the role of the likelihood of confusion factors); *Century 21 Real Estate Corp v. Lendingtree, Inc.*, 425 F.3d 211, 222 (3d Cir. 2005) (making the nominative fair use analysis an affirmative defense, separate from the likelihood of confusion analysis); *Int’l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ. LLC*, 823 F.3d 153, 167 (2d Cir. 2016) (adopting a new approach that adds the nominative fair use test to the end of the likelihood of confusion analysis).

⁷⁹ *See Sec. Univ.*, 823 F.3d at 167–68.

⁸⁰ *See Cairns*, 292 F.3d at 1150 (holding that the nominative fair use analysis replaces the likelihood of confusion analysis when relevant).

⁸¹ *See Sec. Univ.*, 823 F.3d at 167–68 (explaining where the likelihood of confusion factors fit in the Third and Ninth Circuit analyses and why the Second Circuit is choosing to go in a different direction).

III. SO WHAT IS THE TEST? IT DEPENDS

Circuit courts have struggled to define the proper analysis for nominative fair use.⁸² This section will provide greater detail as to the principles and rationale behind (A) the Ninth Circuit's decision creating a nominative fair use test; (B) the Third Circuit's decision making nominative fair use an affirmative defense; and (C) the Second Circuit's recent decision, which borrows parts of the rationale from the Third and Ninth Circuits, fashioning an eleven-part nominative fair use analysis. The balancing act between protecting the owner's right to control use of the mark and other users' interest in distinguishing their products and services from those of competitors has resulted in a four-way circuit split.⁸³ In cases involving nominative fair use claims, the Ninth Circuit holds that the nominative fair use test replaces its test for likelihood of confusion.⁸⁴ The Third Circuit evaluates nominative fair use as an affirmative defense, requiring a plaintiff to prove likelihood of confusion before shifting the burden to the defendant to prove nominative fair use.⁸⁵ The First Circuit has "recognized the 'underlying principle' of nominative fair use, but like several other circuits, [the First Circuit has] never endorsed any particular version of the doctrine."⁸⁶ Likewise, the Fourth, Fifth, Sixth, and Seventh Circuits have recognized the doctrine of nominative fair use, but have either declined to adopt a formal standard or relied

⁸² Compare *Century 21 Real Estate*, 425 F.3d at 220 (paralleling nominative fair use to classic fair use in terms of its place in the Lanham Act's enumerated defenses), with *Sec. Univ.*, 823 F.3d at 167 (agreeing with the Ninth Circuit's decision to make nominative fair use a separate inquiry from traditional likelihood of confusion followed by affirmative defenses because nominative fair use does not exactly fit the definition of "fair use" under the Lanham Act).

⁸³ See *Sec. Univ.*, 823 F.3d at 166 (listing each circuit's principal case for nominative fair use and adding parenthetical information describing differences among the tests).

⁸⁴ *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2002).

⁸⁵ See generally *Century 21 Real Estate*, 425 F.3d 211.

⁸⁶ *Swarovski Aktiengesellschaft v. Bldg. No. 19, Inc.*, 704 F.3d 44, 50 (1st Cir. 2013); see also *Universal Comm'n Sys., Inc. v. Lycos, Inc.*, 478 F.3d 413, 424 (1st Cir. 2007) ("This court has not previously decided whether to endorse the Ninth Circuit's test for nominative fair uses, and we have no occasion to do so here. We have, however, recognized the underlying principle.").

only on likelihood of confusion factors in nominative fair use cases.⁸⁷

A. Where the Debate Started—The Ninth Circuit

Judge Kozinski, writing for the Ninth Circuit, initiated the debate about nominative fair use in *New Kids on the Block v. News America Publishing, Inc.*,⁸⁸ by allowing newspapers to use the trademark “New Kids on the Block” in a survey asking readers which member of the group was their favorite.⁸⁹ In that case, the court had to answer whether such use was likely to confuse consumers as to the band’s association with the newspaper’s poll.⁹⁰ The court first addressed and dismissed a classic fair use inquiry because the defendant newspaper was using the mark to refer to the New Kids on the Block rather than to describe the defendant’s own product as classic fair use requires.⁹¹ In holding that the

⁸⁷ *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 155 (4th Cir. 2012) (“We hasten to add that we are not adopting a position about the viability of the nominative fair-use doctrine as a defense to trademark infringement or whether this doctrine should formally alter our likelihood-of-confusion test in some way. That question has not been presented here and we leave it for another day.”); *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 489 (5th Cir. 2008) (“Although the alleged nominative fair use should usually be considered along with the likelihood-of-confusion analysis, we have declined to require any particular method for the consideration in cases where the nominative use is not a significant factor in the liability determination. We think this is such a case.”); *PACCAR Inc. v. TeleScan Techs., L.L.C.*, 319 F.3d 243, 256 (6th Cir. 2003) *abrogated on other grounds by* *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004) (“This circuit has never followed the nominative fair use analysis, always having applied the *Frisch’s Restaurants* test. We are not inclined to adopt the Ninth Circuit’s analysis here. Even if we were to do so, TeleScan’s use of PACCAR’s trademarks does not fall within the nominative fair use defense.”); *Aug. Storck K.G. v. Nabisco, Inc.*, 59 F.3d 616, 618 (7th Cir. 1995) (“A use of a rival’s mark that does not engender confusion about origin or quality is therefore permissible.”) (citation omitted).

⁸⁸ 971 F.2d 302 (9th Cir. 1992).

⁸⁹ *Id.* at 304 (describing the newspapers’ surveys asking “[w]hich one of the New Kids is the most popular” and “[w]ho is the best on the block?”).

⁹⁰ *Id.* at 308.

⁹¹ *See id.* (“If the defendant’s use of the plaintiff’s trademark refers to something other than the plaintiff’s product, the traditional fair use inquiry will continue to govern.”)

newspaper made a “non-infringing nominative use of the mark,”⁹² the court developed the following test for nominative fair use:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.⁹³

The Ninth Circuit has reasoned that the traditional test for likelihood of confusion fit poorly with nominative fair use cases⁹⁴ and that its version of the *Polaroid* factors testing likelihood of confusion⁹⁵ could not account for the inherent confusion in a nominative use.⁹⁶ Because of the poor fit, the test from *New Kids on the Block* later replaced the Ninth Circuit’s “likelihood of confusion” factors for nominative fair use cases.⁹⁷ The court held in favor of the defendant newspaper, finding that the defendant did not do anything to indicate that the New Kids on the Block sponsored its polls.⁹⁸

⁹² Int’l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ. LLC, 823 F.3d 153, 165 (2d Cir. 2016) (internal quotation marks omitted) (quoting *New Kids on the Block*, 971 F.2d at 304).

⁹³ *New Kids on the Block*, 971 F.2d at 308.

⁹⁴ See *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (9th Cir. 2002).

⁹⁵ See generally *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 346 (9th Cir. 1979) *abrogated in part on other grounds by* *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792 (9th Cir. 2003) (acknowledging that the *Sleekcraft* factors were replaced by the *New Kids on the Block* test in instances of nominative fair use); see also *JL Beverage Co., LLC v. Jim Beam Brands Co.*, 828 F.3d 1098, 1106 (9th Cir. 2016) (“[O]ur court relies on the eight-factor *Sleekcraft* test.”).

⁹⁶ See *Cairns*, 292 F.3d at 1151 (quoting *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2002)) (stating that the *New Kids on the Block* test “better evaluates the likelihood of confusion in nominative [fair] use cases”).

⁹⁷ *New Kids on the Block*, 971 F.2d at 308; *Cairns*, 292 F.3d at 1150–51.

⁹⁸ *New Kids on the Block*, 971 F.2d at 308 (“It is no more reasonably possible, however, to refer to the New Kids as an entity than it is to refer to the Chicago Bulls, Volkswagens, or the Boston Marathon without using the trademark.”).

B. The Bifurcated Approach—The Third Circuit

The Third Circuit weighed in on nominative fair use in *Century 21 Real Estate Corp. v. Lendingtree, Inc.*⁹⁹ At the time, few cases other than those from the Ninth Circuit had addressed nominative fair use.¹⁰⁰ The Third Circuit took the opportunity to examine and reject the Ninth Circuit approach that replaced the likelihood of confusion factors with the nominative fair use test.¹⁰¹ Instead, the Third Circuit made nominative fair use an affirmative defense that is addressed after the plaintiff makes a prima facie showing of likelihood of confusion.¹⁰²

In *Century 21*, the defendant advertised access to real estate agents, price comparison tools, and mortgage providers on its website, naming several companies including Century 21.¹⁰³ Century 21 sued, claiming that the defendant improperly referenced Century 21's trademarked services and that consumers were likely to be confused as to whether Century 21 was affiliated with the defendant's advertisements.¹⁰⁴ The defendant responded asserting nominative fair use.¹⁰⁵

Until *Century 21*, the Third Circuit had not formally recognized nominative fair use, although its district courts had encountered parties making the claim.¹⁰⁶ Seeing the difficulties faced by district courts applying the traditional likelihood of confusion test together with nominative fair use,¹⁰⁷ the Third Circuit took the opportunity to recognize the doctrine formally and

⁹⁹ 425 F.3d 211 (3d Cir. 2005).

¹⁰⁰ *Century 21 Real Estate Corp. v. Lendingtree Inc.*, 425 F.3d 211, 219 (3d Cir. 2005).

¹⁰¹ *Id.* at 222.

¹⁰² *Id.* (following its interpretation of the rationale in *KP Permanent* that made descriptive fair use an affirmative defense under the Lanham Act, making nominative fair use an affirmative defense allowing a defendant broader protections for nominative uses with no burden to negate the plaintiff's showing of likelihood of confusion).

¹⁰³ *Id.* at 214–15.

¹⁰⁴ *Id.* at 215.

¹⁰⁵ *Id.* at 214.

¹⁰⁶ *Century 21 Real Estate*, 425 F.3d at 218.

¹⁰⁷ *Id.* at 219 (acknowledging the poor fit of the likelihood of confusion factors with nominative fair uses).

“clarify the proper analysis in this area of the law.”¹⁰⁸ The Third Circuit based its analysis on the Supreme Court’s recent decision in *KP Permanent Make-Up*.¹⁰⁹ The Supreme Court applied the statutory fair use defense that permits “use of the [trademarked] name, term, or device charged to be an infringement . . . otherwise than as a mark.”¹¹⁰ The Third Circuit also agreed with the Ninth Circuit in adopting a separate analysis for nominative fair use “because [the Third Circuit’s] traditional likelihood of confusion test does not apply neatly to nominative fair use cases.”¹¹¹

However, the Third Circuit disagreed with the Ninth Circuit on how nominative fair use fits in the analysis.¹¹² The Third Circuit declined to draw the distinction between the statutory descriptive fair use defense and nominative fair use, and in doing so, made nominative fair use an affirmative defense.¹¹³ The question of confusion in descriptive fair use cases revolves around the defendant’s use of a term “descriptively, not as a mark, fairly, and in good faith.”¹¹⁴ On the other hand, a nominative fair use employs the term as a mark not to describe the defendant’s product or service, but to refer to the plaintiff’s product or service.¹¹⁵ Under the Third Circuit’s new scheme in nominative fair use cases, the plaintiff still bears the initial burden of proving likelihood of confusion.¹¹⁶ Then, even if the plaintiff carries this burden, the

¹⁰⁸ *Id.* at 219.

¹⁰⁹ 543 U.S. 111, 124 (2004); *Century 21 Real Estate*, 425 F.3d at 220–21.

¹¹⁰ 15 U.S.C. § 1115(b)(4) (2012). *But see KP Permanent Make-Up*, 543 U.S. at 115 n.3 (noting the Court’s decision not to address nominative fair use “[a]fter finding that Lasting had conceded that KP used the term only to describe its goods and not as a mark,” because the statutory affirmative defense of descriptive fair use fits this type of use).

¹¹¹ *Century 21 Real Estate*, 425 F.3d at 222.

¹¹² *See id.* at 223 (elaborating on the decision to parallel classic fair use and nominative fair use).

¹¹³ *Id.*

¹¹⁴ *KP Permanent Make-Up*, 543 U.S. at 124.

¹¹⁵ *Century 21 Real Estate*, 425 F.3d at 220–21.

¹¹⁶ *Id.* at 223.

defendant can prevail despite the court finding a likelihood of confusion by satisfying the three-part nominative fair use test.¹¹⁷

In the interest of fairness to defendants, the Third Circuit recognized that “the likelihood of confusion test does not lend itself nicely to a nominative fair use fact pattern.”¹¹⁸ It chose to eliminate two factors completely because “applied mechanically [the factors] would inevitably point towards likelihood of confusion where no likelihood of confusion may actually exist.”¹¹⁹ The court instructed future courts faced with nominative fair use claims to address only the relevant likelihood of confusion factors, rather than all of the factors that do not inherently, unfairly point towards likelihood of confusion.¹²⁰ Going forward, a plaintiff would have to meet its burden on likelihood of confusion, after which a defendant would have the burden of satisfying the Third Circuit’s modified nominative fair use inquiry by answering the following questions:

Is the use of plaintiff’s mark necessary to describe [] plaintiff’s product or service and [] defendant’s product or service? Is only so much of the plaintiff’s mark used as is necessary to describe the plaintiff’s products or services? Does the defendant’s conduct or language reflect the true and accurate relationship between plaintiff and defendant’s products or services?¹²¹

To this point, the Third Circuit stands alone in using this approach.¹²² Nevertheless, the Third Circuit’s iteration of the Ninth

¹¹⁷ *Century 21 Real Estate Corp. v. Lendingtree Inc.*, 425 F.3d 211, 222 (3d Cir. 2005).

¹¹⁸ *Id.* at 224 (“Thus, we must tailor the test and measure only those factors that are meaningful and probative in the context of nominative fair use.”).

¹¹⁹ *Id.* at 224–25 (“[T]he first two *Lapp* factors would indicate a likelihood of confusion in a case such as this one simply *because* the mark is being employed in a nominative manner. By way of example, looking at the similarity of the mark would automatically lead to the conclusion that the use is likely to confuse simply because the mark is not merely similar it is identical Looking at the strength of CCE’s marks in this case, and in most nominative use cases, would also weigh in favor of finding that the use is likely to confuse.”).

¹²⁰ *Id.* at 224.

¹²¹ *Id.* at 228.

¹²² *Int’l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 167 (2d Cir. 2016). *But see* *Radiance Found. Inc. v. NAACP*, 786

Circuit's nominative fair use test could clear up some judicial uncertainty as to the types of confusion that courts should consider when analyzing nominative fair use.¹²³ In particular the last question, asking whether “the defendant’s conduct or language reflects the true and accurate relationship between plaintiff and defendant’s products or services,” more fully describes the concerns that the Ninth Circuit’s third element addresses.¹²⁴ The Second Circuit encountered this judicial uncertainty about the Ninth Circuit’s third nominative fair use element when a district court, applying the Ninth Circuit’s test, held “that the only type of confusion relevant to an infringement claim was confusion as to source.”¹²⁵ However, this difference has yet to lead a court to the conclusion that the Third Circuit approach is preferable.¹²⁶

C. *Splitting the Difference—The Second Circuit*

The Second Circuit had its opportunity to weigh in on the matter in *International Information Systems Security Certification Consortium, Inc. v. Security University, LLC*,¹²⁷ in which

F.3d 316, 328—30 (4th Cir. 2015) (categorizing nominative fair use with descriptive fair use as an affirmative defense without citing language from 15 U.S.C. § 1115(b)(4), and not adopting a formal test for determining whether nominative fair use has been established); *see also* *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 155 (4th Cir. 2012) (“We . . . are not adopting a position about . . . whether [the nominative fair use] doctrine should formally alter our likelihood of confusion test in some way.”).

¹²³ *See infra* Part III. Section C. (discussing the Second Circuit’s district judge considering only source confusion when the judge should have looked at affiliation, sponsorship, or approval confusion in addition to source).

¹²⁴ *See Sec. Univ.*, 823 F.3d at 167 (holding that district courts are to consider the Ninth Circuit and Third Circuit’s nominative fair use factors, then continuing to combine the two versions of the test into one). *Compare* *New Kids on the Block v. News Am. Publ’g Inc.*, 971 F.2d 302, 308 (1992) (“[T]hird, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.”), *with* *Century 21 Real Estate Corp. v. Lendingtree Inc.*, 425 F.3d 211, 228 (3d Cir. 2005) (“Does the defendant’s conduct or language reflect the true and accurate relationship between plaintiff and defendant’s products or services?”).

¹²⁵ *See Sec. Univ.*, 823 F.3d at 155—56.

¹²⁶ *See id.* at 166 (citing circuit court opinions that have adopted variations of the Ninth Circuit test, not the Third Circuit test).

¹²⁷ 823 F.3d 153.

International Information Security Certification Consortium, Inc. (“ISC”) sued Security University (“SU”) alleging that SU’s use of ISC’s certification mark, CISSP® (“Certified Information Systems Security Professional”), constituted infringement under the Lanham Act.¹²⁸ ISC registered its certification mark CISSP® for individuals who met ISC’s “requirements and standards of competency in the information security field, including passing the CISSP® certification examination that [ISC] administers.”¹²⁹

SU offers courses for information security training, including a course on taking the CISSP® exam.¹³⁰ SU was allowed to use the CISSP® certification mark¹³¹ and promote its instructors as CISSP®-certified.¹³² In its advertisements, SU marketed one of its instructors as “Master CISSP® Clement Dupuis” or “CISSP Master Clement Dupuis.”¹³³ ISC argued that use of “Master” before or after the certification mark improperly implies that the instructor held some higher certification that did not in fact exist, and consumers were likely to be confused.¹³⁴ SU argued that its advertisements constituted nominative fair use.¹³⁵

The district court applied the *New Kids on the Block* factors and held for SU, finding that using “Master” was not likely to confuse consumers as to the source of the service that SU was selling, and thus SU’s use of the mark was a nominative fair use.¹³⁶ However, the district court failed to consider likelihood of

¹²⁸ *Sec. Univ.*, 823 F.3d at 155.

¹²⁹ *Id.*

¹³⁰ *Id.* at 156.

¹³¹ *See* 15 U.S.C. § 1127 (2012) (explaining that certification marks are intended for use by someone other than the owner of the mark).

¹³² *Sec. Univ.*, 823 F.3d at 157.

¹³³ *Id.*

¹³⁴ *See id.* at 157; *see also e.g.* *Tea Bd. of India v. Republic of Tea, Inc.*, 80 U.S.P.Q.2d 1881 (T.T.A.B. 2006) (“The Trademark Board held that the fact that applicant’s ‘Darjeeling Nouveau’ tea was, in all circumstances, made entirely of genuine, certified ‘Darjeeling’ tea, and merely purported to meet *higher* standards as the ‘first press,’ was irrelevant.”).

¹³⁵ *Sec. Univ.*, 823 F.3d at 158.

¹³⁶ *Id.* at 158–59.

confusion over ISC's sponsorship, affiliation, or endorsement of SU's use of the mark.¹³⁷

On appeal, the Second Circuit noted this error, commenting, "it is hard to imagine a case in which use of a certification mark by a person who has met the requirements for certification would likely lead to confusion as to source or origin."¹³⁸ However, the court did not remand based on this error.¹³⁹ Because the district courts in the Second Circuit had been applying the Ninth Circuit test,¹⁴⁰ the Second Circuit took the opportunity to set its own method for future likelihood of confusion and nominative fair use cases.¹⁴¹ Going forward,

[w]hen considering a likelihood of confusion in nominative fair use cases, *in addition to* discussing each of the *Polaroid* factors, courts are to consider: (1) whether the use of the plaintiff's mark is necessary to describe both the plaintiff's product or service and the defendant's product or service, that is, whether the product or service is not readily identifiable without use of the mark; (2) whether the defendant uses only so much of the plaintiff's mark as is necessary to identify the product or service; and (3) whether the defendant did anything that would, in conjunction with the mark, suggest sponsorship or endorsement by the plaintiff holder, that is, whether the defendant's conduct or language reflects the true or accurate relationship between plaintiff's and defendant's products or services.¹⁴²

¹³⁷ See 15 U.S.C. § 1125(a)(1) (2012); *see also Sec. Univ.*, 823 F.3d at 162.

¹³⁸ *Id.* at 158–59.

¹³⁹ *Id.*

¹⁴⁰ *See id.* at 166 (citing district court opinions); *see, e.g., Car–Freshner Corp. v. Getty Images, Inc.*, 822 F. Supp. 2d 167, 177–78 (N.D.N.Y. 2011); *Audi AG v. Shokan Coachworks, Inc.*, 592 F. Supp. 2d 246, 269–70 (N.D.N.Y. 2008) (collecting cases); *Yurman Studio, Inc. v. Castaneda*, 591 F. Supp. 2d 471, 500–02 (S.D.N.Y. 2008); *M. Shanken Commc'ns, Inc. v. Cigar500.com*, No. 07 CIV. 7371(JGK), 2008 WL 2696168, at *11 (S.D.N.Y. July 7, 2008); *Merck & Co. v. Mediplan Health Consulting, Inc.*, 425 F. Supp. 2d 402, 413 (S.D.N.Y.2006).

¹⁴¹ *Sec. Univ.*, 823 F.3d at 168.

¹⁴² *Id.* at 168.

At this point, there are three distinct approaches for addressing nominative fair use claims, in addition to a group of circuits that have not formally adopted a nominative fair use test.¹⁴³ However, in September of 2016, SU filed a petition for a writ of certiorari, asking the Supreme Court to resolve the circuit split over nominative fair use.¹⁴⁴ The International Trademark Association filed an amicus brief in October of 2016, urging the Court to answer “[w]hat the proper standard under the Lanham Act is for analyzing a defendant’s nominative use of a plaintiff’s trademark.”¹⁴⁵

IV. WHAT SHOULD BE THE TEST FOR NOMINATIVE FAIR USE?

The following subsections argue that the Ninth Circuit test from *New Kids on the Block* that the Second Circuit endorsed in *Security University* is, alone, sufficient for resolving nominative fair use cases because (A) district courts had been successfully using the Ninth Circuit test,¹⁴⁶ (B) the non-exclusive *Polaroid* factors do not easily apply to nominative fair use,¹⁴⁷ and (C) an eleven-part analysis of nominative fair use is a waste of judicial

¹⁴³ See *Swavrovski Aktiengesellschaft v. Bldg. No. 19, Inc.*, 704 F.3d 44, 50 (1st Cir. 2013) (recognizing “the ‘underlying principle’ of nominative fair use” without adopting a particular version of the test); see also *Bd. of Supervisors for La. St. Univ. Agric. & Mech. Coll. V. Smack Apparel Co.*, 550 F.3d 465, 488–89 (5th Cir. 2008) (giving instructions to defendants who want to claim nominative fair use without stating whether the court will treat it as an affirmative defense but holding that “[i]n order to avail oneself of the nominative fair use defense ‘the defendant (1) may only use so much of the mark as necessary to identify the product or service and (2) may not do anything that suggests affiliation, sponsorship, or endorsement by the markholder’”).

¹⁴⁴ Katie Howard, *Security University, LLC v. International Information Systems Security Certification Consortium, Inc.; Pending Petition*, SCOTUSBLOG, (Oct. 19, 2016), <http://www.scotusblog.com/case-files/cases/security-university-llc-v-international-information-systems-security-certification-consortium-inc/>.

¹⁴⁵ *Id.*

¹⁴⁶ See *Int’l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ.*, 823 F.3d 153, 166–67 (2d Cir. 2016) (citing district court cases using the Ninth Circuit test).

¹⁴⁷ See *Kelly-Brown v. Winfrey*, 717 F.3d 295, 307 (2d Cir. 2013).

resources.¹⁴⁸ The Second Circuit could have resolved *Security University* without addressing the issue of nominative fair use by remanding the case after finding that the district court failed to consider whether consumers could be confused as to ISC's association with, or sponsorship of, SU's use of "Master" next to the CISSP® mark.¹⁴⁹ This would have allowed the Second Circuit to remain neutral on the issue of nominative fair use.¹⁵⁰

A. The Second Circuit Should Have Adopted the Ninth Circuit Nominative Fair Use Test that District Courts in the Second Circuit Had Been Using

Before *Security University*, the Second Circuit had not instructed district courts to use either the Ninth or the Third Circuit's rule on nominative fair use.¹⁵¹ However, the Second Circuit had acknowledged that the district court "[applied] the standard for non-trademark or 'nominative' fair use set forth by the Ninth Circuit in *New Kids on the Block*."¹⁵² In addition, the district court from *Tiffany (NJ) Inc. v. eBay Inc.*,¹⁵³ applied the Ninth Circuit test for nominative fair use.¹⁵⁴ On appeal, the Second Circuit held 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."¹⁵⁵ However, like the First Circuit's

¹⁴⁸ See generally McGeeveran, *supra* note 34.

¹⁴⁹ *Sec. Univ.*, 823 F.3d at 162.

¹⁵⁰ See *id.* at 166.

¹⁵¹ *Id.* (describing the holdings in prior cases including *Tiffany (NJ)* in which the Second Circuit did not overrule the district court's use of the *New Kids on the Block* test, but did not formally hold that the Ninth Circuit test for nominative fair use is the proper standard going forward).

¹⁵² See *Chambers v. Time Warner, Inc.*, 282 F.3d 147, 156 (2d Cir. 2002) (remanding the for further fact finding on other instances of infringement); see also *Sec. Univ.*, 823 F.3d at 166 (naming a laundry list of district court opinions that had used the *New Kids on the Block* test without reprimand or correction by the appellate court).

¹⁵³ 600 F.3d 93 (2d Cir. 2010); *infra* Part IV. Section A.1.

¹⁵⁴ *Tiffany (NJ)*, 600 F.3d at 102.

¹⁵⁵ Compare *Tiffany (NJ)*, 600 F.3d at 102–03, with *New Kids on the Block*, 971 F.2d at 308 ("First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the

current position, the Second Circuit recognized the doctrine of nominative fair use without formally adopting a standard.¹⁵⁶

Before *Security University*, district courts had conceded that the Second Circuit had yet to affirm the nominative fair use doctrine but continued to apply the Ninth Circuit test anyway, citing binding authority from the Second Circuit like *Tiffany* and *Chambers* in support of the principles.¹⁵⁷ Applying the *New Kids on the Block* test had, in reality, become the accepted practice among district courts in the Second Circuit.¹⁵⁸ Courts had even taken the time to compare the Third Circuit standard,¹⁵⁹ with the Ninth Circuit test and found that “the outcome would be the same under either analytical framework.”¹⁶⁰ The following subsections illustrate the cases underlying (1) the Second Circuit district courts’ acceptance of the Ninth Circuit formulation of the nominative fair use test and (2) the district courts’ decision not to

mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.”)

¹⁵⁶ *Compare* Swavrovski Aktiengesellschaft v. Bldg. No. 19, Inc., 704 F.3d 44, 50 (1st Cir. 2013) (accepting the doctrine of nominative fair use but choosing not to adopt a specific standard for analysis), *with Tiffany (NJ)*, 600 F.3d at 102–103 (recognizing the doctrine of nominative fair use and the district court’s application of the *New Kids on the Block* test but choosing not to adopt the test in this case).

¹⁵⁷ *Car–Freshner Corp. v. Getty Images, Inc.*, 822 F. Supp. 2d 167, 177 (N.D.N.Y. 2011) (“However, a number of district courts within the Second Circuit have applied this doctrine when considering claims of trademark infringement . . . As a result, the Court assumes, for purposes of deciding the instant motion, that the doctrine is applicable.”) (internal citations omitted); *see also Tiffany (NJ)*, 600 F.3d at 102.

¹⁵⁸ *Audi AG v. Shokan Coachworks, Inc.*, 592 F. Supp. 2d 246, 269 (N.D.N.Y. 2008) (citing case law that suggests “all have followed the standard set forth by the Ninth Circuit in *New Kids*”).

¹⁵⁹ *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 217–24 (3d Cir. 2005) (using nominative fair use as an affirmative defense, requiring a likelihood of confusion inquiry, shifting the burden to the defendant to show nominative fair use).

¹⁶⁰ *Tiffany (NJ) Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 495 (S.D.N.Y. 2008), *aff’d in part, rev’d in part*, 600 F.3d 93 (2d Cir. 2010) (remanded for additional findings of fact).

adopt the Third Circuit's standard because the Third Circuit generally misinterprets the doctrine.

I. District Courts Accepting the Ninth Circuit Formulation

Prior to *Security University*, district courts had accepted the Second Circuit's refusal to adopt or reject the Ninth Circuit nominative fair use test.¹⁶¹ But because the Second Circuit had implicitly affirmed the application of the test, district courts operated under the assumption that the doctrine was applicable and the Ninth Circuit test was the proper standard.¹⁶² For example, in *Tiffany (NJ) Inc. v. eBay, Inc.*,¹⁶³ Tiffany sued eBay for trademark infringement because eBay advertised selling Tiffany jewelry on its website, but some of the sellers were offering counterfeit jewelry.¹⁶⁴ eBay asserted that its use of the Tiffany trademark in advertising on its homepage and through sponsored links on Yahoo! and Google constituted nominative fair use.¹⁶⁵ The district court agreed with eBay.¹⁶⁶

In its analysis, the district court used the three-part test as stated in *New Kids on the Block*¹⁶⁷ and found that "eBay's use of the Tiffany's marks was protected under the nominative fair use doctrine."¹⁶⁸ On appeal, the Second Circuit described nominative fair use as allowing "[a] defendant [to] use a plaintiff's trademark to identify the plaintiff's goods so long as there is no likelihood of confusion about the source of [the] defendant's product or the mark-holder's sponsorship or affiliation."¹⁶⁹ The appellate court also laid out the test as stated by the Ninth Circuit.¹⁷⁰ However, the

¹⁶¹ *Car-Freshner*, 822 F. Supp. 2d at 177.

¹⁶² *Id.* (citing *Chambers v. Time Warner*).

¹⁶³ 576 F. Supp. 2d 463 (S.D.N.Y. 2008).

¹⁶⁴ *Tiffany (NJ)*, 576 F. Supp. 2d at 469.

¹⁶⁵ *Id.*

¹⁶⁶ *Id.*

¹⁶⁷ *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992).

¹⁶⁸ *Tiffany (NJ)*, 576 F. Supp. 2d at 496.

¹⁶⁹ *Tiffany (NJ) Inc. v. eBay, Inc.*, 600 F.3d 93, 102 (2d Cir. 2010) (quoting *Merck & Co. v. Mediplan Health Consulting, Inc.*, 425 F. Supp. 2d 402, 413 (S.D.N.Y. 2006)).

¹⁷⁰ *Id.* at 102.

court ultimately held that it “need not address the viability of the doctrine to resolve Tiffany’s claim” because the Second Circuit had already “recognized 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.”¹⁷¹

2. *The Third Circuit’s Approach Misinterprets the Doctrine*

The Third Circuit’s decision to treat nominative fair use as an affirmative defense was based on the Supreme Court’s holding in *KP Permanent* that non-owners may use a trademarked word as a descriptive term for the non-owner’s own product or service.¹⁷² Although the Third Circuit intended to follow the lead of the Supreme Court in making nominative fair use an affirmative defense, the context of the use in *KP Permanent* does not fit with nominative fair use.¹⁷³ The Supreme Court was interpreting a provision of the Lanham Act that makes a non-source-identifying use of another’s mark to describe the defendant’s own product or service a fair use.¹⁷⁴ However, a nominative use employs the mark for its source identifying purpose, referring to the owner’s product

¹⁷¹ Compare *Tiffany (NJ)*, 600 F.3d at 102–03 (“We have recognized 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.”), with *New Kids on the Block*, 971 F.2d at 308 (“First, the product or service in question must be one *not readily identifiable without the use of the trademark*; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must *do nothing that would*, in conjunction with the mark, *suggest sponsorship or endorsement* by the trademark holder.”) (emphasis added).

¹⁷² *KP Permanent Make-Up v. Lasting Impression I, Inc.*, 543 U.S. 111, 118–20 (2004).

¹⁷³ See *Int’l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 167 (2d Cir. 2016) (distinguishing the Supreme Court’s opinion in *KP Permanent* as it applied fair use according to the Lanham Act from nominative fair use, arguing that the latter falls outside the Lanham Act). *But see Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 222 (3d Cir. 2005) (equating descriptive fair use, in which the defendant does not use the mark for source identification, with nominative fair use, in which the defendant uses the mark to refer to the plaintiff).

¹⁷⁴ *KP Permanent Make-Up*, 543 U.S. at 118–20.

or service.¹⁷⁵ Moreover, Congress enumerated several affirmative defenses to trademark infringement in the Lanham Act, including classic fair use, but did not include nominative fair use.¹⁷⁶ Using the language of the statute, decisions from other circuits, and letter briefs from the United States Patent and Trademark Office indicating its position on the nominative fair use doctrine, the Second Circuit properly inferred that “[i]f Congress had wanted nominative fair use to constitute an additional affirmative defense, it would have provided as such.”¹⁷⁷ Accordingly, the Second Circuit rejected the Third Circuit’s decision to treat nominative fair use as an affirmative defense.¹⁷⁸

In part, the Third Circuit chose not to replace its likelihood of confusion test “in order to distribute the burden of proof appropriately between the parties at each stage of the analysis.”¹⁷⁹ The Third Circuit’s interpretation of the Ninth Circuit test was that the defendant had the burden to prove nominative fair use without requiring the plaintiff to show confusion first.¹⁸⁰ The Supreme Court “explicitly rejected such a proposition in *KP Permanent Make-Up*.”¹⁸¹

While some district courts in the Ninth Circuit had assigned the burden of proof as the Third Circuit described it, Judge Kozinski, again writing for the Ninth Circuit, cleared up the confusion over allocating the burden in *Toyota Motor Sales, U.S.A., Inc. v. Tabari*.¹⁸² “A defendant seeking to assert nominative fair use as a defense need only show that it used the mark to refer to the

¹⁷⁵ See *New Kids on the Block*, 971 F.2d at 307–08 (discussing and describing where nominative fair use fits in likelihood of confusion analysis).

¹⁷⁶ See 15 U.S.C. § 1115(b)(4) (2012) (naming, among others, descriptive fair use as an affirmative defense to trademark infringement); see also *Sec. Univ.*, 823 F.3d at 167 (citing authorities to support the proposition that if Congress intended to make nominative fair use an affirmative defense, it could and would have in this section of the Lanham Act).

¹⁷⁷ *Sec. Univ.*, 823 F.3d at 167–68.

¹⁷⁸ *Id.*

¹⁷⁹ *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 232 (3d Cir. 2005).

¹⁸⁰ *Id.*

¹⁸¹ *Id.*

¹⁸² 610 F.3d 1171 (9th Cir. 2010).

trademarked good [or service].”¹⁸³ The court explained that the plaintiff is responsible for showing that the defendant’s use of the mark was not nominative fair use by showing evidence of confusion over sponsorship or endorsement.¹⁸⁴

The nominative fair use test as stated by the Ninth Circuit appears to have worked in the Second Circuit until *Security University*.¹⁸⁵ The court could have remanded the case for the district court’s error of law in considering only source confusion for the nominative fair use analysis.¹⁸⁶ Such a ruling would have resolved the district court’s apparent uncertainty about the application of the third element in the Ninth Circuit’s nominative fair use test by incorporating the language added by the Third Circuit.¹⁸⁷ In addition, district courts had a well-developed body of cases from the Ninth Circuit applying the *New Kids on the Block* test.¹⁸⁸ The Second Circuit should have taken this opportunity to formally adopt the standard that its district courts had been using

¹⁸³ *Toyota Motor Sales, U.S.A.*, 610 F.3d at 1183.

¹⁸⁴ *Id.* at 1182 (describing further that the part of this showing includes the first two elements of nominative fair use, that the defendant needed to use the plaintiff’s mark, and that the defendant only used as much of the mark as was necessary for defendant’s purposes).

¹⁸⁵ *See generally, e.g., Car–Freshner Corp. v. Getty Images, Inc.*, 822 F. Supp. 2d 167 (N.D.N.Y. 2011); *Audi AG v. Shokan Coachworks, Inc.*, 592 F. Supp. 2d 246 (N.D.N.Y. 2008).

¹⁸⁶ *See Int’l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 162 (2d Cir. 2016).

¹⁸⁷ *Id.* at 169 (“Additionally, when considering the third nominative fair use factor, courts must not, as the district court did here, consider only source confusion, but rather must consider confusion regarding affiliation, sponsorship, or endorsement by the markholder.”).

¹⁸⁸ *See, e.g., Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 812 (9th Cir. 2003) (“We hold that Forsythe’s use of Mattel’s Barbie qualifies as nominative fair use. All three elements weigh in favor of Forsythe. Barbie would not be readily identifiable in a photographic work without use of the Barbie likeness and figure. Forsythe used only so much as was necessary to make his parodic use of Barbie readily identifiable, and it is highly unlikely that any reasonable consumer would have believed that Mattel sponsored or was affiliated with his work. The district court’s grant of summary judgment to Forsythe on Mattel’s trade dress infringement claim was, therefore, proper.”); *Stevo Design, Inc. v. SBR Mktg. Ltd.*, 968 F. Supp. 2d 1082, 1089 (D. Nev. 2013).

for years and that the Second Circuit itself had implicitly approved.¹⁸⁹

B. The Polaroid Factors Do Not Easily Apply to Nominative Fair Use Cases

This subsection discusses (1) how half of the *Polaroid* factors unfairly prejudiced the defendant in the first application of the Second Circuit's nominative fair use test and (2) how the Second Circuit should have designed a more efficient, less prejudicial nominative fair use test. The Second Circuit has repeatedly held that "the *Polaroid* test is not mechanical,"¹⁹⁰ that some factors "are a bad fit," and that the factors "are non-exclusive."¹⁹¹ However, in nominative fair use cases, the Second Circuit still requires district courts to review each *Polaroid* factor deliberately, and if any factor does not apply, to explain why.¹⁹²

The district court in *Nespresso USA, Inc. v. Africa Am. Coffee Trading Co. LLC*, was the first to apply the new standard.¹⁹³ Plaintiff Nespresso, a federally registered trademark, produces espresso and coffee machines in addition to the capsules used in its machines.¹⁹⁴ Defendant Libretto produces espresso capsules to fit in Nespresso machines, with a label on the bottom of Libretto's

¹⁸⁹ See *Sec. Univ.*, 823 F.3d at 167 (citing *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 102–03 (2d Cir. 2010)) ("Further, as discussed below we have endorsed the principles underlying the nominative fair use doctrine.").

¹⁹⁰ See *Kelly–Brown v. Winfrey*, 717 F.3d 295, 307 (2d Cir. 2013) (quoting *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97, 115 (2d Cir. 2009)).

¹⁹¹ *Sec. Univ.*, 823 F.3d at 168.

¹⁹² *Id.* at 160 (citing *Arrow Fastener Co. v. Stanley Works*, 59 F.3d 384, 400 (2d Cir. 1995)) ("[I]t is incumbent upon the district judge to engage in a deliberate review of each factor, and, if a factor is inapplicable to a case, to explain why.").

¹⁹³ No. 15CV5553–LTS, 2016 WL 3162118, at *1 (S.D.N.Y. June 2, 2016) (noting that this case resulted in a default judgment for the plaintiff because the defendant failed to respond to plaintiff's complaint, making it difficult to fully evaluate the effectiveness of the new Second Circuit standard, but the opinion still provides insight into how the likelihood of confusion factors do not afford the defendant the necessary protection when the defendant has no choice but to use the plaintiff's mark in advertisements and labels).

¹⁹⁴ *Nespresso USA*, 2016 WL 3162118 at *1.

packaging that reads “Nespresso® compatible” stylized text.¹⁹⁵ This led to Nespresso’s infringement claim, and the court’s discussion of the *Security University* standard.¹⁹⁶ As instructed by the Second Circuit Court of Appeals, the district judge discussed each of the eight *Polaroid* factors and then applied the nominative fair use test.¹⁹⁷

1. Polaroid Factors One through Four Unfairly Weigh in Favor of Confusion

The court reviewed the first two *Polaroid* factors: (1) the strength of the plaintiff’s mark and (2) the similarity of the marks.¹⁹⁸ The strength of the mark is “concerned with the distinctiveness . . . in the eyes of the consuming public.”¹⁹⁹ Nespresso’s mark was federally registered and therefore presumed distinctive, giving the first factor to Nespresso by legal presumption.²⁰⁰ In discussing the similarity of the marks, the court took the time to consider the stylized text of Nespresso’s mark on defendant’s text box, the prominence of the mark on the packaging, and the modifying word “compatible” used after the mark. The court found that the mark was not prominently displayed, and the defendant used “compatible” to modify “Nespresso.”²⁰¹ However, the court held that “Libretto’s use of the word mark Nespresso which is identical to Nespresso’s own mark, thus creates a likelihood of confusion.”²⁰² The court failed to indicate how the defendant could have used the plaintiff’s mark to tell consumers that its products worked with plaintiff’s espresso

¹⁹⁵ *Id.* at *2.

¹⁹⁶ *Id.* at *2.

¹⁹⁷ *Id.* at 3–5 (reviewing those factors for which the plaintiff presented evidence and still discussing those factors that require proof on both sides of the issue, such as defendant’s good or bad faith in adopting the mark and evidence of actual confusion, even though the defendant failed to answer and the court was deciding on default judgment).

¹⁹⁸ *Id.* at *3.

¹⁹⁹ *Id.*

²⁰⁰ *Nespresso USA*, 2016 WL 3162118 *3.

²⁰¹ *Id.*

²⁰² *Id.*

machine without creating a likelihood of confusion over the similarity of the marks.²⁰³

The court also held that the third and fourth *Polaroid* factors, proximity of the products in the marketplace and likelihood of Nespresso bridging the gap, weighed in favor of the plaintiff Nespresso.²⁰⁴ The products at issue were the exact same in this case—espresso capsules that fit Nespresso’s machine.²⁰⁵ “There is clear proximity in the marketplace, since both Nespresso and Libretto operate in the same market and sell the same type of goods,” thus factor three weighs in favor of Nespresso.²⁰⁶ “Because the products offered by Nespresso and Libretto are for all intents and purposes the same, and the market they operate in is identical, there is no gap for Nespresso to bridge,” and factor four weighs in favor of Nespresso.²⁰⁷ The defendant found itself behind four factors to zero on likelihood of confusion simply because it had to refer to the plaintiff’s machine to tell consumers what its product did.²⁰⁸

2. *Removing Polaroid Factors from the Nominative Fair Use Analysis Would Lead to More Consistent and Correct Results*

The Second Circuit’s decision to include all eight *Polaroid* factors in its nominative fair use test unfairly prejudices potential users.²⁰⁹ The Ninth Circuit solved this problem by using the *New Kids on the Block* test to supplant its likelihood of confusion test.²¹⁰ The Ninth Circuit recognized that “likelihood of confusion” factors that focus “on the similarity of the mark used by the plaintiff and the defendant,” would lead to the incorrect conclusion that all

²⁰³ *See id.*

²⁰⁴ *Id.*

²⁰⁵ *Id.*

²⁰⁶ *Nespresso USA*, 2016 WL 3162118, at *3.

²⁰⁷ *Id.*

²⁰⁸ *Id.*

²⁰⁹ *See supra* Part IV. Section B.1.

²¹⁰ *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992); *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1150–51 (9th Cir. 2002).

nominative uses are confusing.²¹¹ Likewise, other circuits have addressed the same issue.²¹² For example, the Fourth Circuit asserted that “the application of the traditional multi-factor test is difficult because often many of the factors are either unworkable or not suited or helpful as indicators of confusion in this context.”²¹³

Even the Third Circuit, that maintained a two-part inquiry in nominative fair use cases, eliminated “those factors used to establish confusion in other trademark infringement cases that do not ‘fit’ in the nominative use context.”²¹⁴ In particular, the Third Circuit removed consideration of “degree of similarity between the owner’s mark and the alleged infringing mark,” and “strength of the owner’s mark” because the defendant in a nominative fair use case is using the plaintiff’s mark, and consideration of these factors would unfairly favor a finding of likelihood of confusion.²¹⁵ The Third Circuit went on to recognize that certain other factors were not applicable to the case at bar and set the example for lower

²¹¹ See *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2002) (“The three-factor test—with its requirements that the defendant use marks only when no descriptive substitute exists, use no more of the mark than necessary, and do nothing to suggest sponsorship or endorsement by the mark holder—better addresses concerns regarding the likelihood of confusion in nominative use cases.”).

²¹² See, e.g., *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 489 (5th Cir. 2008) (“In order to avail oneself of the nominative fair use defense ‘the defendant (1) may only use so much of the mark as necessary to identify the product or service and (2) may not do anything that suggests affiliation, sponsorship, or endorsement by the markholder.’”); *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 155 (4th Cir. 2012); *August Storck K.G. v. Nabisco, Inc.*, 59 F.3d 616, 618 (7th Cir. 1995) (“A use of a rival’s mark that does not engender confusion about origin or quality is therefore permissible.”).

²¹³ See *Rosetta Stone*, 676 F.3d at 155 (“We have merely attempted to highlight the problems inherent in the robotic application of each and every factor in a case involving a referential, non-trademark use. Accordingly, the district court did not commit reversible error in failing to address every factor.”).

²¹⁴ *Century 21 Real Estate Corp. v. Lendingtree Inc.*, 425 F.3d 211, 222 (3d Cir. 2005).

²¹⁵ *Id.* at 224–25.

courts by analyzing only those factors which were relevant in the plaintiff's "likelihood of confusion" argument.²¹⁶

C. An Untested Eleven-Part Analysis of Nominative Fair Use Is Inefficient Because It Causes Repetitive Litigation and Requires Time to Develop

This subsection will explore in greater detail (1) how the *Polaroid* factors analysis followed by the nominative fair use test will cause the parties to repeat arguments on the same issues, and (2) how developing a new standard will cost parties and courts in the Second Circuit time and money. The Second Circuit has fully admitted that some *Polaroid* factors are irrelevant to certain cases and that in standard infringement cases, district courts need not "slavishly recite the litany of all eight *Polaroid* factors in each any every case."²¹⁷ However, in the nominative fair use context, *Security University* requires district courts to discuss each individual factor.²¹⁸ It appears that district courts in the Second Circuit are following this instruction, including discussion of the strength of the owner's mark, and the similarity of the marks, despite the fact that the defendant is using the plaintiff's exact mark.²¹⁹

²¹⁶ *Id.* at 225–26 (explaining why some factors were irrelevant with the purpose of preserving their utility in future cases but directing the lower court to examine only the relevant factors).

²¹⁷ *Orient Exp. Trading Co. v. Federated Dep't Stores, Inc.*, 842 F.2d 650, 654 (2d Cir. 1988) ("A district court need only consider sufficient factors to reach the ultimate conclusion as to whether or not there is a likelihood of confusion.").

²¹⁸ *Int'l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 168 (2d Cir. 2016) ("When considering a likelihood of confusion in nominative fair use cases, *in addition to* discussing each of the *Polaroid* factors . . .").

²¹⁹ *Infra* Part IV. Section B.; *see also* 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:11 (4th ed. 2016) ("The other type of fair use is discussed in this section and is known as a 'nominative fair use.' . . . This has been labeled a non-confusing "nominative use" because it "names" the real owner of the mark.").

1. The Second Circuit's Longer Analysis Causes Repetitive Litigation

The Third Circuit based its rationale for the bifurcated approach to nominative fair use on the Supreme Court's holding that descriptive fair use is an affirmative defense.²²⁰ However, the Third Circuit failed to recognize that the statutory definition of fair use, which makes it an affirmative defense, does not comport with nominative fair use.²²¹ Nominative fair use, the use of another's mark to describe the owner's products or services, employs the mark for its trademark purpose: source identification.²²²

The Third Circuit also considered a one-sided approach incorporating the likelihood of confusion factors and the nominative fair use test, but ultimately rejected the idea of incorporating additional considerations "into the already lengthy ten-part test for confusion."²²³ However, the concurring judge criticized the majority for its logically inconsistent and "judicially unmanageable" standard.²²⁴ The majority instructed future courts to weigh the "intent of the defendant in adopting the mark" in the plaintiff's prima facie case.²²⁵ But, inquiry into the defendant's intent required the court to look at the purpose of the defendant's

²²⁰ See *Century 21 Real Estate*, 425 F.3d at 222–23.

²²¹ Compare *id.* ("Classic fair use and nominative fair use are different in certain respects, but it is unclear to us why we should ask radically different questions when analyzing a defendant's ability to refer to a plaintiff's mark in the two contexts."), with 15 U.S.C. § 1115(b)(4) ("That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark . . .").

²²² See generally *Sec. Univ.*, 823 F.3d at 167 (differentiating between using a trademarked word descriptively, that is, for non-trademark purposes, and using another's mark as a mark to refer to the owner as the source of the good or service).

²²³ *Century 21 Real Estate*, 425 F.3d at 224.

²²⁴ *Id.* at 232–233, 238 (Fisher, J., concurring in part and dissenting in part) (concurring as to the outcome of the case but dissenting as to the bifurcated approach).

²²⁵ *Id.* at 240 (Fisher, J., dissenting) ("[T]he majority holds that 'if the court finds that the defendant made use of the plaintiff's mark with the very purpose of causing consumers to think the plaintiff endorses or sponsors plaintiff's good or service, then the likelihood that consumers will be confused as to endorsement/affiliation is greater.' Maj. Op. at 226.").

use, the prominence or degree of use, and the truthfulness of the use.²²⁶ These considerations in the prima facie case are the three elements of the affirmative defense.²²⁷ On remand, the district court would consider “the purpose, prominence, and truthfulness of the defendant’s conduct as part of the plaintiff[‘s] likelihood of confusion case.”²²⁸ Then the district court would “also be required to look to the same factors when entertaining the defendant’s affirmative defense.”²²⁹ Although the majority in *Century 21* intended to follow the lead of the Supreme Court in grouping descriptive and nominative fair use as affirmative defenses, “where confusion is the central focus on each side, the majority [read] *KP Permanent* to hold that *both*: 1) defendant bears no burden of negating confusion, *and* 2) defendant bears a burden of negating confusion.”²³⁰

The Second Circuit rejected the bifurcated approach taken by the Third Circuit in part because of its expected minimal effect on the outcome of cases, but more assertively because “[i]f Congress had wanted nominative fair use to constitute an additional affirmative defense, it would have provided as such.”²³¹ In

²²⁶ *Id.* at 226 (asking whether the defendant’s use in context would “confuse the public as to the relationship between the defendant and plaintiff”).

²²⁷ *See id.* at 241 (Fisher, J., dissenting) (“If the above characterization sounds familiar, it should. Each and every one of the majority’s ‘nominative fair use’ prongs is nothing more than an inquiry into the likelihood of confusion, specifically, whether the use is with the intent to confuse due to a presence or lack of good-faith purpose, prominence and truthfulness.”).

²²⁸ *Id.* at 243 (Fisher, J., dissenting).

²²⁹ *Century 21 Real Estate*, 425 F.3d at 243 (Fisher, J., dissenting).

²³⁰ *Id.* at 246 (Fisher, J., dissenting).

²³¹ *See Int’l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 167 (2d Cir. 2016); *see also id.* (referring to letter briefs from the United States Patent and Trademark office apparently stating that the office does not believe nominative fair use should be an affirmative defense; *see also Tiffany (NJ) v. eBay Inc.*, 576 F. Supp. 2d 463, 495 fn.7 (S.D.N.Y. 2008) (noting that the bifurcated approach taken by the Third Circuit would have minimal effect on the outcome of cases) *aff’d in part, rev’d in part*, 600 F.3d 93 (2d Cir. 2010) (remanded for additional findings of fact). *But see* 15 U.S.C. § 1125(c)(3)(A) (showing that Congress did consider nominative fair use in drafting the Lanham Act because under exclusions for dilution claims “[a]ny fair use, including a nominative or descriptive fair use” are “not actionable as dilution by blurring or dilution by tarnishment”).

addition, the Third Circuit approach makes nominative fair use protections broader than in the Ninth Circuit where the *New Kids on the Block* test determines the outcome.²³² As an affirmative defense, nominative fair use allows defendants to succeed even if the plaintiff proves the likelihood of confusion, as long as the defendant affirmatively answers the Third Circuit's three nominative fair use questions.²³³

2. *An Unsettled Standard Raises Costs in and out of Court*

In addition to repetitive litigation that wastes judicial resources,²³⁴ businesses suffer from an unsettled standard in nominative fair use because of uncertainty over how the courts will apply the new test.²³⁵ Because of this uncertainty, potential users can (1) pay for a license to use the mark, (2) find a less convenient way to inform consumers what their product or service is, or (3) assert nominative fair use and risk costly litigation.²³⁶ Smaller businesses that cannot expend large amounts of money on

²³² 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:11 (4th ed. 2016) (describing the Third Circuit's view that nominative fair use as an affirmative defense coincides with the Supreme Court's intent in *KP Permanent Make-Up*).

²³³ See *Century 21 Real Estate*, 425 F.3d at 222 ("Under our fairness test, a defendant must show; (1) that the use of the plaintiff's mark is necessary to describe both the plaintiff's product or service and the defendant's product or service; (2) that the defendant uses only so much of the plaintiff's mark as is necessary to describe the plaintiff's product; and (3) that the defendant's conduct or language reflect the true and accurate relationship between [the] plaintiff and defendant's products or services."); see also 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:11 (4th ed. 2016).

²³⁴ See *Century 21 Real Estate*, 425 F.3d at 243 (Fisher, J., dissenting); *supra* Part IV. Section C.1.

²³⁵ See McGeveran, *supra* note 34, at 2275–76 (describing the difficulties for businesses that do not consistently use others' marks in their work in determining whether the cost of appealing to customers without using the mark outweighs potential litigation costs or a license).

²³⁶ *Id.* at 2276 ("In addition to the monetary costs of rights clearance and licensing, this excessive caution also constrains expressive choices, stifles open competition, and reduces the quality of speech and entertainment for its consumers—that is, for all of us. But many institutions have determined that the potential cost of defending a lawsuit is too high, even when discounted for the low likelihood of getting sued and the very low likelihood of paying damages.").

advertisements, lack expertise on trademark law, and lack the resources to consult an attorney will often decide to forego use of another's mark even though such use might be legal.²³⁷ A short and pointed inquiry into nominative fair use, such as that of the Ninth Circuit, would make litigation shorter, less expensive, and more predictable.²³⁸ Attorneys advising small businesses could look to the well-developed body of nominative fair use cases from the Ninth Circuit, as well as district courts in the Second Circuit.²³⁹ The attorneys could then give recommendations based on established law, rather than speculation as to what the courts could or should do.²⁴⁰

Taking the Third Circuit approach would remove some unnecessary steps in the Second Circuit's future inquiries into nominative fair use because the Third Circuit asks district courts to examine only the relevant factors.²⁴¹ However, the same approach requires courts to consider identical factors, purpose, prominence, and truthfulness, in the plaintiff's prima facie case and the defendant's affirmative defense.²⁴² The Ninth Circuit's method sufficiently covers the likelihood of confusion inquiry, and the twenty-four year history of the *New Kids on the Block* test gives courts a substantial body of case law discussing nuances of the test.²⁴³ Even the Third Circuit considered adopting "the Ninth Circuit test outright, as it has withstood the test of time, [and] has

²³⁷ *Id.* at 2277–78.

²³⁸ *See cf. id.* at 2278 (standing for the proposition that a statute codifying nominative fair use would make litigation shorter, less expensive, and more predictable, just as uniformity in application amongst the circuits would).

²³⁹ *Id.*

²⁴⁰ *Id.*

²⁴¹ *Century 21 Real Estate Corp. v. Lendingtree Inc.*, 425 F.3d 211, 225–26 (cutting the analysis to four likelihood of confusion factors along with the three nominative fair use affirmative defense questions).

²⁴² *Id.* at 243 (Fisher, J., dissenting).

²⁴³ *See generally, e.g., Audi AG v. Shokan Coachworks, Inc.*, 592 F. Supp. 2d 246 (citing district court cases that apply only the *New Kids on the Block* test, none of which were appealed); *Image Online Design, Inc. v. Internet Corp. for Assigned Names & Numbers*, No. CV–12–08968–DDP, 2013 WL 489899 (C.D. Cal. Feb. 7, 2013) (addressing certification marks); *Swarovski Aktiengesellschaft v. Bldg. No. 19, Inc.*, 704 F.3d 44, 49 (1st Cir. 2013) (discussing service marks and endorsement or affiliation confusion).

been tinkered with in no less than seven opinions.”²⁴⁴ The three-part test keeps the burden of proof on the plaintiff to show that the defendant’s use of the mark is likely to cause confusion as to source, sponsorship, or endorsement.²⁴⁵ Moreover, it keeps the defendant’s interest in fair competition at the forefront of the discussion by looking at whether the defendant’s product or service is “readily identifiable without the use of the mark,” and whether the defendant used only so much of the mark “as is reasonably necessary to identify the product or service.”²⁴⁶

V. CONCLUSION

The Second Circuit should not have incorporated the doctrine of nominative fair use as it did in *Security University*. Instead, it should have adopted the Ninth Circuit test initially created in *New Kids on the Block* for three reasons: (1) district courts had been successfully using the Ninth Circuit test, (2) the non-exclusive *Polaroid* factors do not easily apply to nominative fair use, and (3) an eleven-part analysis of nominative fair use is a waste of judicial resources. The Second Circuit’s acknowledgment of the *New Kids on the Block* test²⁴⁷ and apparent acquiescence to the district courts’ application of the doctrine of nominative fair use,²⁴⁸ gave the court the opportunity to adopt the test wholesale in *Security University*.²⁴⁹ The Third Circuit’s affirmative defense approach would allow the Second Circuit to hold on to the *Polaroid* factors in a more efficient manner than the *Security University* standard does now because the Third Circuit allows courts to focus on

²⁴⁴ *Century 21 Real Estate*, 425 F.3d at 228.

²⁴⁵ See *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1182–83 (9th Cir. 2010) (clarifying the position of the Ninth Circuit as to the burden shifting of the nominative fair use test, placing on the defendant only the burden of showing “that it used the mark to refer to the trademarked good [or service]”).

²⁴⁶ See *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992) (laying out the nominative fair use factors).

²⁴⁷ *Chambers v. Time Warner, Inc.*, 282 F.3d 147, 156 (2d Cir. 2002).

²⁴⁸ *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 102–03 (2d Cir. 2010).

²⁴⁹ *Int’l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 168 (2d Cir. 2016).

relevant factors in determining the likelihood of confusion²⁵⁰ rather than requiring discussion of each likelihood of confusion factor.²⁵¹ However, adopting the Third Circuit approach while rejecting nominative fair use as an affirmative defense would be only a slight improvement on the Second Circuit's current standard.²⁵² The Ninth Circuit developed its test and replaced its version of the *Polaroid* factors to avoid repetitive litigation and better address nominative uses in context rather than mechanically applying inapt factors.²⁵³ Finally, the eleven-part analysis required for nominative fair use claims requires district court judges to review factors—principally, strength of the mark and similarity of the marks—that unfairly impact a defendant claiming nominative fair use when the original purpose of trademark law is to prevent unfair competition rather than create an unlimited property right.²⁵⁴ If the Supreme Court grants Security University's petition for a writ of certiorari, the Court should adopt the Ninth Circuit test as the proper analysis for nominative fair use.

²⁵⁰ *Century 21 Real Estate Corp. v. Lendingtree Inc.*, 425 F.3d 211, 225–26 (explaining why some factors were irrelevant with the purpose of preserving their utility in future cases but directing the lower court to examine only the relevant factors).

²⁵¹ *Sec. Univ.*, 823 F.3d at 168 (When considering a likelihood of confusion in nominative fair use cases, *in addition to* discussing each of the *Polaroid* factors”).

²⁵² *See id.*, 823 F.3d at 168; *see also Nespresso USA, Inc. v. Africa Am. Coffee Trading Co. LLC*, No. 15CV5553–LTS, 2016 WL 3162118, at *1, *2–4 (S.D.N.Y. June 2, 2016); *Century 21 Real Estate*, 425 F.3d at 225–26.

²⁵³ *See Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2002) (holding that the *New Kids on the Block* test will replace the likelihood of confusion factors in nominative fair use cases); *see also Century 21 Real Estate*, 425 F.3d at 243 (Fisher, J., dissenting) (arguing that the same issues will be discussed on both sides of the case).

²⁵⁴ *Century 21 Real Estate*, 425 F.3d at 225–26; *see also KP Permanent Make-Up v. Lasting Impression I, Inc.*, 543 U.S. 111 (granting fair use as a defense to trademark infringement).