EBay becomes a Girl's New Best Friend as the Second Circuit Sidesteps the Nominative Fair use Doctrine, Leaving Tiffany to Police Counterfeits in the Online Marketplace

Lisa Williford Arthur

Follow this and additional works at: http://scholarship.law.unc.edu/ncjolt

Part of the Law Commons

Recommended Citation
Available at: http://scholarship.law.unc.edu/ncjolt/vol12/iss3/2

This Article is brought to you for free and open access by Carolina Law Scholarship Repository. It has been accepted for inclusion in North Carolina Journal of Law & Technology by an authorized administrator of Carolina Law Scholarship Repository. For more information, please contact law_repository@unc.edu.
EBAY BECOMES A GIRL’S NEW BEST FRIEND AS THE SECOND CIRCUIT SIDESTEPS THE NOMINATIVE FAIR USE DOCTRINE, LEAVING TIFFANY TO POLICE COUNTERFEITS IN THE ONLINE MARKETPLACE

Lisa Williford Arthur

This article examines the recent Second Circuit decision of Tiffany v. eBay and the effect it has on the nominative fair use doctrine. The Second Circuit was the first circuit to consider the doctrine of nominative fair use in the online marketplace. However, the Second Circuit failed to expressly recognize the doctrine, likely due in part to the current circuit split on nominative fair use. In addition, the Lanham Act lacks clarity by only recognizing nominative fair use in the trademark dilution context. In light of Tiffany v. eBay, this article argues for the need for legislative clarity in the Lanham Act by recognizing the nominative fair use doctrine as an affirmative defense to direct trademark infringement.

I. INTRODUCTION

Tiffany. The company behind that one word spurred more than 170 years of luxury jewelry and one of the most successful jewelry businesses in the world. Since 1837, Tiffany & Co. (“Tiffany”) has been the leading provider of diamonds to the rich and famous. Tiffany is also innovative, creating unique designs from rare...
Tiffany v. eBay

But how did Tiffany become so successful in the jewelry marketplace?

The answer is the Tiffany brand, captured by the one word that started it all. When you buy a Tiffany diamond, you know you are buying a high-quality, exclusive product. In fact, Tiffany designs have graced the necks of First Ladies for decades, including Jackie Onassis Kennedy and Mary Todd Lincoln. Tiffany china was featured in meals served in the Lyndon B. Johnson White House. Tiffany is even credited with designing the Great Seal of the United States, as seen on the back of the dollar bill, and the National Football League Trophy. The Tiffany brand attracts as consumers world leaders, sports fans, Hollywood stars, and others, both famous and not, around the world.

Tiffany has invested many resources in protecting its name from being associated with anything other than the superior products it designs and produces. Its jewelry is only offered for

---

3 See id.
4 See generally Deborah R. Gerhardt, Consumer Investment in Trademarks, 88 N.C. L. REV. 427, 435 (2010) (“The common narratives associated with certain marks contribute to public knowledge and cultural identity.”). The Tiffany brand refers to both the Tiffany trademark and the narrative associated with the brand.
5 See The Tiffany Story, supra note 1 (citing information found in video clip).
6 A Celebrated Following, TIFFANY & CO., http://www.tiffany.com/About/TheTiffanyStory/#p+1-n+6-cg+viewPaged-c+s+0-r+t+ri+-ni+1-x+-pu+-f/+1/0/3/0 (last visited Nov. 8, 2010); An American Institution, TIFFANY & CO., http://www.tiffany.com/About/TheTiffanyStory/#p+1-n+6-cg+viewPaged-c+s+0-r+t+ri+-ni+1-x+-pu+-f/+1/0/7/0 (last visited Nov. 8, 2010).
7 An American Institution, supra note 6.
8 Id.; Sports Trophies, TIFFANY & CO., http://www.tiffany.com/About/TheTiffanyStory/#p+1-n+6-cg+viewPaged-c+s+0-r+t+ri+-ni+1-x+-pu+-f/+1/0/8/0 (last visited Nov. 8, 2010).
9 See A Celebrated Following, supra note 6.
10 See Tiffany (NJ) Inc. v. eBay Inc. (Tiffany I), 576 F. Supp. 2d 463, 484 (S.D.N.Y. 2008) (discussing Tiffany’s CEO’s testimony that Tiffany invested fourteen million dollars in anti-counterfeit measures over a five-year period). The court also found that Tiffany had the burden of policing its products in the secondary marketplace. See id. at 518. See generally 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §§ 12:1, :16 (4th ed. 2010) (describing trademark dilution and generic terms). Failing to protect their brand could lead to trademark dilution, or, even worse, turn Tiffany into a generic brand. See id. § 12:1. By not pursuing suit against eBay, Tiffany runs
Tiffany has also resisted the temptation to increase its profit margin by selling its surplus to discount retailers. Tiffany has lost that distribution control. In fact, eBay made approximately $4.1 million on the sales of Tiffany jewelry and watches listed on its Web site from April 2000 to June 2004. In response to the growing counterfeit market, Tiffany created a “Buying Program” to police counterfeit goods being sold on eBay, but the high volume of counterfeit goods has made it difficult for Tiffany to sue individual sellers. As a result, Tiffany

the risk of consumers associating its name with counterfeit products. Similarly, if the Tiffany name becomes generic, the company will lose all trademark rights to the brand (like Jell-O and Aspirin). See id. §§ 12.1, 16.

Unfortunately for Tiffany, policing the Tiffany brand is much harder than it used to be. While in the past Tiffany was able to control the distribution channels for its product, today, due to the emergence of the online marketplace and the secondary market for Tiffany products, Tiffany has lost that distribution control. In fact, eBay made approximately $4.1 million on the sales of Tiffany jewelry and watches listed on its Web site from April 2000 to June 2004. In response to the growing counterfeit market, Tiffany created a “Buying Program” to police counterfeit goods being sold on eBay, but the high volume of counterfeit goods has made it difficult for Tiffany to sue individual sellers. As a result, Tiffany

the risk of consumers associating its name with counterfeit products. Similarly, if the Tiffany name becomes generic, the company will lose all trademark rights to the brand (like Jell-O and Aspirin). See id. §§ 12.1, 16.

Unfortunately for Tiffany, policing the Tiffany brand is much harder than it used to be. While in the past Tiffany was able to control the distribution channels for its product, today, due to the emergence of the online marketplace and the secondary market for Tiffany products, Tiffany has lost that distribution control. In fact, eBay made approximately $4.1 million on the sales of Tiffany jewelry and watches listed on its Web site from April 2000 to June 2004. In response to the growing counterfeit market, Tiffany created a “Buying Program” to police counterfeit goods being sold on eBay, but the high volume of counterfeit goods has made it difficult for Tiffany to sue individual sellers. As a result, Tiffany

the risk of consumers associating its name with counterfeit products. Similarly, if the Tiffany name becomes generic, the company will lose all trademark rights to the brand (like Jell-O and Aspirin). See id. §§ 12.1, 16.

Unfortunately for Tiffany, policing the Tiffany brand is much harder than it used to be. While in the past Tiffany was able to control the distribution channels for its product, today, due to the emergence of the online marketplace and the secondary market for Tiffany products, Tiffany has lost that distribution control. In fact, eBay made approximately $4.1 million on the sales of Tiffany jewelry and watches listed on its Web site from April 2000 to June 2004. In response to the growing counterfeit market, Tiffany created a “Buying Program” to police counterfeit goods being sold on eBay, but the high volume of counterfeit goods has made it difficult for Tiffany to sue individual sellers. As a result, Tiffany

the risk of consumers associating its name with counterfeit products. Similarly, if the Tiffany name becomes generic, the company will lose all trademark rights to the brand (like Jell-O and Aspirin). See id. §§ 12.1, 16.
Tiffany v. eBay

is losing the battle in policing its products, as 75.5% of the goods purchased through the “Buying Program” in 2005 were counterfeit.\textsuperscript{17} Furthermore, eBay is actively contributing to the problem.\textsuperscript{18} For example, eBay used the Tiffany name to advertise its cheaper non-Tiffany product offerings on its Web site.\textsuperscript{19} In a trademark infringement suit brought by Tiffany in the Southern District of New York (\textit{Tiffany I}), eBay defended its use of Tiffany’s trademark under the nominative fair use doctrine, which allows a defendant to use a plaintiff’s trademark to identify the plaintiff’s product.\textsuperscript{20} The District Court applied the doctrine of nominative fair use and found for eBay.\textsuperscript{21} Two years later, in a landmark victory for eBay, the Second Circuit (\textit{Tiffany II}) held on appeal that eBay could lawfully use Tiffany’s trademark to describe its product offerings, but the court did not recognize the nominative fair use doctrine.\textsuperscript{22}

This article will examine the recent Second Circuit decision in \textit{Tiffany II} and the effect that it has on the nominative fair use doctrine. The Second Circuit’s failure to expressly recognize the doctrine, while essentially enforcing it, shows that now, more than ever, the Lanham Act needs to explicitly reflect this doctrine so that Courts can uniformly apply the law. With the emergence of the online marketplace and the increase in trademark infringement

\textsuperscript{17} Id. at 485.
\textsuperscript{18} See \textit{Tiffany II}, 600 F.3d at 103.
\textsuperscript{20} \textit{Tiffany I}, 576 F. Supp. 2d at 494.
\textsuperscript{21} See \textit{id.} at 495. The court did not choose between the Ninth Circuit and the Third Circuit approach to nominative fair use. See \textit{id.} at 495 n.27. Rather the court defined the nominative fair use doctrine as follows: “\textquoteright\textquoteright [a] defendant may use a plaintiff’s trademark to identify the plaintiff’s goods so long as there is no likelihood of confusion about the source of defendant’s product or the markholder’s sponsorship or affiliation.” Id. at 496 (quoting Merck & Co., Inc. v. Mediplan Health Consulting, Inc., 425 F. Supp. 2d 402, 413 (S.D.N.Y. 2006)).
\textsuperscript{22} See \textit{Tiffany II}, 600 F.3d at 103.
claims, there is an added pressure for Congress to recognize nominative fair use in all uses, not just trademark dilution. This article argues for the need for legislative clarity in the Lanham Act by recognizing the nominative fair use doctrine as an affirmative defense to direct trademark infringement. Part II discusses the definition of nominative fair use. Part III addresses the current circuit split on the nominative fair use doctrine. Part IV provides an overview of Tiffany I and II, including both the District Court and the Second Circuit holdings. Part V examines what Tiffany II added to the nominative fair use jurisprudence, particularly in the online marketplace context, and how this shows that now is the time for a legislative clarification in the Lanham Act. Part VI concludes with an argument for the need to recognize the nominative fair use doctrine as an affirmative defense under the Lanham Act.

II. NOMINATIVE FAIR USE DEFINED

Nominative fair use is a common-law doctrine that allows a defendant to use a plaintiff’s trademark to name the plaintiff’s product if the defendant’s use does not confuse the consumer by implying that the plaintiff is affiliated with the sale.23 Nominative fair use is different from classic fair use.24 Classic fair use recognizes a defense against trademark infringement where a defendant uses a “plaintiff’s mark to describe the defendant’s own product.”25 Nominative fair use occurs when the defendant uses a “plaintiff’s mark ‘to describe the plaintiff’s product.’”26 For example, a mechanic advertising that he is fixing BMWs would fall under the nominative fair use doctrine, whereas a baker using Splenda in his advertisement promoting the sale of his apple pies would fall under the classic fair use doctrine. The distinction is

---

24 Cairns v. Franklin Mint Co., 292 F.3d 1139, 1150 (9th Cir. 2002) (quoting New Kids on the Block v. News Am. Publ’g, Inc., 971 F.2d 302, 308 (9th Cir. 1992)); see also Mccarthy, supra note 10, § 23:11.
25 Cairns, 292 F.3d at 1150 (quoting New Kids, 971 F.2d at 308); see also Mccarthy, supra note 10, § 23:11.
26 Cairns, 292 F.3d at 1150 (quoting New Kids, 971 F.2d at 308); see also Mccarthy, supra note 10, § 23:11.
significant because classic fair use is an affirmative defense, codified in the Lanham Act,\(^\text{27}\) whereas nominative fair use is a doctrine created by the Ninth Circuit.\(^\text{28}\)

In addition to the distinction between classic fair use and nominative fair use, it is important to distinguish descriptive fair use and nominative fair use. Classic fair use accounts for descriptive use of a mark, which is expanded upon in § 1115(b):

That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin . . . .\(^\text{29}\)

Descriptive use, however, falls under the definition of classic fair use, and the definition of classic fair use in this section does not include nominative fair use.\(^\text{30}\) The purpose of the nominative fair use doctrine, on the other hand, is to protect uses of a trademark that identify goods associated with that trademark, rather than describe it.\(^\text{31}\)

Nominative fair use is implicated if the trademark is “entitled to protection” and the use of the mark by the defendant is “likely to confuse” the consumer about the affiliation of the trademark holder.\(^\text{32}\) If the trademark usage is nominative, some courts have applied a specific nominative “likelihood of confusion” analysis, as opposed to the classic fair use “likelihood of confusion”


\(^{28}\) See Cairns, 292 F.3d at 1151; see also 4 McCarthy, supra note 10, § 23:11.

\(^{29}\) 15 U.S.C. § 1115(b) (emphasis added).

\(^{30}\) Id.

\(^{31}\) See 4 McCarthy, supra note 10, § 23:11.

\(^{32}\) See Tiffany II, 600 F.3d 93, 102 (2d Cir. 2010) (citing Savin Corp. v. Savin Grp., 391 F.3d 439, 456 (2d Cir. 2004)).
III. THE NOMINATIVE FAIR USE DOCTRINE: THE CURRENT CIRCUIT SPLIT

The Ninth Circuit and the Third Circuit provide the leading case law on the nominative fair use doctrine. The Ninth Circuit created the doctrine, while the Third Circuit modified the Ninth Circuit test to be an affirmative defense.34 Other circuits have considered the doctrine but added very little, if anything, to the jurisprudence.35

A. The Ninth Circuit Approach

The nominative fair use doctrine originated in the Ninth Circuit with New Kids on the Block v. News American Publishing, Inc.36 There, the music group “New Kids on the Block” sued USA Today for creating a poll in its newspaper soliciting readers to vote on

33 See New Kids on the Block v. News Am. Publ’g, Inc., 971 F.2d 302, 308 (9th Cir. 1992) (applying a specific nominative “likelihood of confusion” analysis: (1) “the product or service in question must be one not readily identifiable without use of the trademark”; (2) “only so much of the mark or marks may be used as is reasonably necessary to identify the product or service”; (3) “the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder”); see also Century 21 Real Estate Corp. v. Lendingtree, Inc., 425 F.3d 211, 228 (3d Cir. 2005) (holding nominative fair use should be applied as an affirmative defense). But cf. AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348–49 (9th Cir. 1979) (explaining that the classic fair use test, used to determine a “likelihood of confusion” between products analyzes the following factors: (1) “strength of the mark”; (2) “proximity of the goods”; (3) “similarity of the marks”; (4) “evidence of actual confusion”; (5) “marketing channels used”; (6) “type of goods and the degree of care likely to be exercised by the purchaser”; (7) “defendant’s intent in selecting the mark”; (8) “likelihood of expansion of the product lines”).

34 See Century 21, 425 F.3d at 228; New Kids, 971 F.2d at 308.

35 See, e.g., Universal Comme’n Sys. v. Lycos, 478 F.3d 413, 424 (1st Cir. 2007); PACCAR Inc. v. Telescan Techs., L.L.C., 319 F. 3d 243, 256 (6th Cir. 2003); Pebble Beach Co. v. Tour 18 I Ltd., 155 F.3d 526, 545–47 (5th Cir. 1998).

36 971 F.2d 302 (9th Cir. 1992).
which band member in the group was the “most popular.” “New Kids on the Block” claimed trademark infringement for USA Today’s use of its trademark in the article. USA Today asserted a fair use defense, and the Ninth Circuit responded with the creation of the first nominative fair use doctrine as a three-pronged test:

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.

After applying the newly-created, three-pronged test, the court found USA Today met its burden and was not liable for trademark infringement because its use was nominative.

As a result, the test outlined by the Ninth Circuit was to be used for nominative fair use cases instead of the classic fair use “likelihood of confusion” test. The Ninth Circuit elaborated that the nominative use of a trademark should not be subject to infringement claims because it did not trigger unfair competition or the “source-identification function” of trademark law. Rather,

---

37 Id. at 304.
38 Id.
39 Id. at 308. USA Today had the burden of proving that its use did not cause confusion and met all three elements of the test. See id. Contra AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir. 1979) (explaining that the classic fair use test, used to determine a “likelihood of confusion” between products, analyzes the following factors: (1) “strength of the mark”; (2) “proximity of the goods”; (3) “similarity of the marks”; (4) “evidence of actual confusion”; (5) “marketing channels used”; (6) “type of goods and the degree of care likely to be exercised by the purchaser”; (7) “defendant’s intent in selecting the mark”; (8) “likelihood of expansion of the product lines”).
40 New Kids, 971 F.2d at 308-09.
41 See id. at 308; see also Playboy Enters., Inc. v. Welles, 279 F.3d 796, 802 (9th Cir. 2002) (holding the nominative fair use test should be applied instead of the classic fair use test).
42 New Kids, 971 F.2d at 308 (“Because it does not implicate the source-identification function that is the purpose of trademark, it does not constitute unfair competition; such use is fair because it does not imply sponsorship or endorsement by the trademark holder.”).
when the trademark is used simply as a means to identify or describe a sale, consumers should not be confused by the mark.\textsuperscript{43}

B. The Third Circuit Approach

The Third Circuit adopted the concept of nominative fair use but took it a step further by recognizing the doctrine as an affirmative defense of trademark law.\textsuperscript{44} However, the Third Circuit did not replace the traditional “likelihood of confusion” test created by the Ninth Circuit.\textsuperscript{45} Rather, the Third Circuit eliminated sections of the traditional “likelihood of confusion” test that did not apply directly to nominative fair use claims.\textsuperscript{46}

Like the Ninth Circuit, the Third Circuit also adopted a three-pronged test for a nominative fair use defense.\textsuperscript{47} However, in the Third Circuit, the plaintiff must first prove that there is a “likelihood for confusion.”\textsuperscript{48} Only after establishing the “likelihood of confusion” can the defendant attempt to mitigate liability by proving that use of the plaintiff’s trademark was fair.\textsuperscript{49}

To do so, defendant must demonstrate the following factors:

(1) That the use of 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 plaintiff’s product; and (3) that the defendant’s conduct or language reflect the true and accurate relationship between plaintiff and defendant’s products or services.\textsuperscript{50}

\textsuperscript{43} See id.; see also Carins v. Franklin Mint Co., 292 F.3d 1139, 1150–52 (9th Cir. 2002) (applying the Ninth Circuit test); Playboy, 279 F.3d at 800–05 (applying the Ninth Circuit test).

\textsuperscript{44} See Century 21 Real Estate Corp. v. Lendingtree, Inc., 425 F.3d 211, 228 (3d Cir. 2005). Century 21 brought a claim for trademark infringement against Lendingtree for using its trademark on Lendingtree’s Internet referral service. Id. at 214.

\textsuperscript{45} Compare id. at 220–21, with New Kids, 971 F.2d at 308.

\textsuperscript{46} See Century 21, 425 F.3d at 220–22.

\textsuperscript{47} See id. at 222.

\textsuperscript{48} Id. Contra New Kids, 971 F.2d at 308 (holding the defendant has the burden of disproving the “likelihood of confusion”).

\textsuperscript{49} Century 21, 425 F.3d at 222.

\textsuperscript{50} Id.; see also Commerce Bancorp, L.L.C. v. Hill, No. 1:08-cv-5628, 2010 U.S. Dist. LEXIS 60550, at *42–44 (D.N.J. June 18, 2010) (applying the Third Circuit test); David’s Bridal, Inc. v. House of Brides, Inc., No. 2:06-cv-5560,
C. Other Circuits’ Approaches

The First Circuit recognized the concept of nominative fair use but did not explicitly accept or reject the doctrine. In an infamous case regarding the use of the “Boston Marathon” name in a local advertisement, the First Circuit recognized that trademark law usually allows trademarks to be used for descriptive purposes, known as fair use.

The Fifth Circuit also did not take a position on the nominative fair use doctrine. However, the Fifth Circuit’s approach to fair use is similar to the Ninth Circuit’s. In Pebble Beach Co. v. Tour 18 I Ltd., the Fifth Circuit considered the Ninth Circuit’s definition of nominative fair use and rejected the first element of the test. The court also stated the nominative fair use claim and the “likelihood of confusion” test should be analyzed together. Therefore, the Fifth Circuit would not follow the “bifurcated approach” of the Third Circuit, which requires the “likelihood of confusion” analysis to occur before the assertion of the nominative fair use claim.


See Universal Commc’n Sys. v. Lycos, 478 F.3d 413, 424 (1st Cir. 2007).

WCVB-TV v. Boston Athletic Ass’n, 926 F.2d 42, 46 (1st Cir. 1991).

See Pebble Beach Co. v. Tour 18 I Ltd., 155 F.3d 526, 545–47 (5th Cir. 1998).

155 F.3d 526 (5th Cir. 1998).

Id. at 546 n.13.

Id. at 547; see also 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.”).
fair use defense. Surprisingly, many District Courts in the Fifth Circuit recognize and apply the nominative fair use doctrine.

The Sixth Circuit considered the doctrine in *PACCAR, Inc. v. Telescan Technologies, L.L.C.* but declined to take a position on nominative fair use, stating, “[t]his circuit has never followed the nominative fair use analysis.” However, in examining the Ninth Circuit’s approach, the Sixth Circuit stated, “[w]e are not inclined to adopt the Ninth Circuit’s analysis here.”

The Second Circuit made clear that it would not take a position on the nominative fair use doctrine in *Tiffany II*. However, the court did acknowledge nominative fair use and even previously recognized the doctrine in *Chambers v. Time Warner (Chambers II)*. Even though the Second Circuit in both *Tiffany II* and *Chambers II* denied taking a position on nominative fair use, the district courts in *Tiffany I* and *Chambers v. Time Warner (Chambers I)* applied the doctrine to each case.

---

57 Compare Century 21 Real Estate Corp. v. Lendingtree, Inc., 425 F.3d 211, 221 (3d Cir. 2005), with Pebble Beach, 155 F.3d at 547.


59 319 F. 3d 243 (6th Cir. 2003) (explaining that even if the court did adopt the doctrine of nominative fair use, Telescan’s use would not fall under the doctrine).

60 Id. at 256.

61 Id. (explaining that the court did not reject the doctrine but would not be inclined to take the Ninth Circuit approach if the doctrine was recognized in the Sixth Circuit); see also State Farm Mut. Auto. Ins. Co. v. Sharon Woods Collision Ctr., No. 1:07-cv-457, 2007 U.S. Dist. LEXIS 86651, at *16–17 (S.D. Ohio Nov. 26, 2007) (“[T]he status of the ‘nominative fair use’ defense is unclear within this circuit”).

62 600 F.3d 93, 102–03 (2d Cir. 2010).

63 282 F.3d 147 (2d Cir. 2002) (recognizing the Ninth Circuit’s nominative fair use test as applied by the district court); see also 4 McCarthy, supra note 10, § 23:11 (discussing the pre-*Tiffany* circuit split).

64 123 F. Supp. 2d 198 (S.D.N.Y. 2000).

65 *Tiffany II*, 600 F.3d at 102–03 (declining to apply the nominative fair use doctrine); *Chambers II*, 282 F.3d at 156 (declining to apply the nominative fair
Given the circuit split on the issue, the future of the nominative fair use doctrine is uncertain. Since the Supreme Court has yet to directly rule on the doctrine and the Lanham Act lacks clarity, the circuits are fragmented in their approaches to the doctrine.\textsuperscript{66}

\textbf{IV. OVERVIEW OF \textit{Tiffany v. eBay}}

\textbf{A. Background on Tiffany v. eBay}

Tiffany initially brought this action in the Southern District of New York, claiming that eBay was liable for the high volume of counterfeit Tiffany goods available on eBay.\textsuperscript{67} Even though Tiffany conceded that individual sellers are responsible for the product listings, Tiffany argued that eBay was on notice that the problem existed due to the findings of Tiffany’s “Buying Program” and subsequent complaints by eBay customers.\textsuperscript{68} In its defense, eBay asserted that it invested twenty million dollars a year in its Trust and Safety Department to monitor counterfeit goods and suspend such listings.\textsuperscript{69} eBay also proactively searched for counterfeit listings through its fraud engine and provided avenues

\textsuperscript{66} See Ron Coleman, \textit{Forget Breakfast—eBay Eats Tiffany’s Lunch}, LIKELIHOOD OF CONFUSION (Apr. 1, 2010, 11:59 PM), http://www.likelihoodofconfusion.com/?p=5285 (“They seem to want a fence to remain around trademark law, lest anyone get too close and actually be able to predict what the law might be.”). The Supreme Court has yet to directly rule on the nominative fair use doctrine, and they are unlikely to. \textit{Id.}

\textsuperscript{67} \textit{Tiffany I}, 576 F. Supp. 2d at 469.

\textsuperscript{68} \textit{Id.} at 481–82, 487. Tiffany also policed its products through individual seller suits and “enforcement actions” including dealing with local and international police to seize Tiffany counterfeit goods and contacting individual sellers to demand they stop selling counterfeit products. \textit{Id.} at 481. Tiffany’s counsel also communicated with eBay multiple times about the number of counterfeit goods on eBay, including reporting findings from the “Buying Program” showing that 73.1\% of Tiffany jewelry sold on eBay were counterfeit. \textit{Id.} at 485.

\textsuperscript{69} \textit{Id.} at 476.
for owners to report counterfeit listings through its “Verified Rights Owners Program.”

B. Direct Infringement Claim

Tiffany brought its direct trademark infringement claim under § 32 of the Lanham Act, claiming that eBay used its trademark without permission. The Lanham Act states that a user of a trademark is liable if the use is “[l]ikely to cause confusion, or to cause mistake, or to deceive.” In its appellant’s brief, Tiffany argued that “[i]t is hard to imagine a situation more likely to cause confusion or mistake or to deceive than the advertising and listing for sale of counterfeit goods.” As evidence of infringement, Tiffany pointed to eBay’s use of the mark to advertise on its homepage, as well as eBay’s purchase of “sponsored links,” which included the Tiffany trademark.

C. District Court and Second Circuit Decisions

Applying the nominative fair use doctrine, the District Court in Tiffany II held that eBay was not liable for direct trademark infringement because the nominative fair use doctrine protected its uses of Tiffany’s trademark. The District Court relied on the

---

70 Id. at 477–78. EBay created a fraud engine, which performed keyword searches to detect counterfeit listings, looking for words such as “knock-off,” “counterfeit,” “replica,” or “pirated.” Id. at 477. EBay also created a Verified Rights Owner Program (VeRO), which is a “notice-and-take-down system” that allows owners to report counterfeit listings. Id. at 478. Finally, eBay encouraged owners to create “About Me” pages. Id. at 479. Specifically, on Tiffany’s “About Me” page, the company disclosed that most Tiffany goods offered for sale on eBay were counterfeit. Id. at 479.
71 See Tiffany II, 600 F.3d 93, 101–02 (2d Cir. 2010).
73 Brief for Plaintiffs-Appellants at 3–4, Tiffany (NJ) Inc. v. eBay Inc. (Tiffany II), 600 F.3d 93 (2d Cir. 2010) (No. 08-3947-cv), 2008 LEXIS 821405 at *6.
nominate fair use doctrine rather than classic fair use for two main reasons: (1) consumers testified that they did not assume Tiffany was affiliated with their purchase on eBay, and their main reason for purchasing the jewelry on eBay was to obtain the product at a lower price; and (2) eBay posted a disclaimer about the high percentage of counterfeit goods on its Web site.76

The Second Circuit in *Tiffany II* essentially affirmed the District Court’s reasoning but did so through the application of a general principle from case law rather than the more established nominate fair use doctrine.77 The general principle applied by the court allowed a defendant to use a plaintiff’s mark when the use was for identification purposes and did not suggest that the plaintiff was affiliated with the defendant.78 The appellate court concluded that eBay’s conduct did not cause direct trademark infringement because eBay was merely describing a brand name of products available for sale on its Web site.79 As a result, the Court of Appeals declined to recognize the nominate fair use doctrine in the Second Circuit.80

V. THE SECOND CIRCUIT EXEMPLIFIES THE NEED TO RECOGNIZE THE NOMINATIVE FAIR USE DOCTRINE, ESPECIALLY IN THE ONLINE MARKETPLACE CONTEXT

76 Id. at 498.
77 See *Tiffany II*, 600 F.3d 93, 102–03 (2d Cir. 2010). *Contra* Century 21 Real Estate Corp. v. Lendingtree, Inc., 425 F.3d 211, 220 (3d Cir. 2005) (applying the nominate fair use doctrine); New Kids on the Block v. News Am. Publ’g, Inc., 971 F.2d 302, 308 (9th Cir. 1992) (applying the nominate fair use doctrine).
78 *Tiffany II*, 600 F.3d at 102–03; see also Dow Jones & Co. v. Int’l Sec. Exch., Inc., 451 F.3d 295, 308 (2d Cir. 2006) (“While a trademark conveys an exclusive right to the use of a mark in commerce in the area reserved, that right generally does not prevent one who trades a branded product from accurately describing it by its brand name, so long as the trader does not create confusion by implying an affiliation with the owner of the product.”); cf. Prestonettes, Inc. v. Coty, 264 U.S. 359, 368 (1924) (citing Canal Co. v. Clark, 80 U.S. (13 Wall.) 311, 327 (1874)) (“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. It is not taboo.”).
79 See *Tiffany II*, 600 F.3d at 103.
80 See id.
Despite the willingness of some of the circuit and district courts to recognize the nominative fair use doctrine, the Second Circuit continues to sidestep the doctrine, while essentially enforcing it, creating confusion as to whether to apply the doctrine.\(^8\)

Instead of formally recognizing the nominative fair use doctrine, the Second Circuit applied a two-pronged test to evaluate the direct trademark infringement claim: “[D]efendant may lawfully use a plaintiff’s trademark where doing so is necessary to describe plaintiff’s product and does not apply a false affiliation or endorsement.”\(^8\) Thus, the Second Circuit held that eBay used the mark to describe Tiffany’s products available for sale on its Web site, and eBay did not imply that Tiffany was affiliated or endorsed the sales on the eBay Web site.\(^8\)

However, the Second Circuit’s test functions just as the nominative fair use doctrine recognized by the District Court in Tiffany I and other circuits. For example, consider the Southern District of New York’s definition of nominative fair use: “[A defendant uses] 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.”\(^8\) Also consider part of the original definition of the nominative fair use doctrine used by the Ninth Circuit: “[S]econd, 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.”\(^8\)

Even though the Second Circuit defined nominative fair use and adopted the District Court’s ruling in finding there was no

\(^8\) See id. at 102–03 (declining to apply the nominative fair use doctrine but applying a general principle similar to the nominative fair use doctrine).
\(^8\) Id.
\(^8\) Id.
\(^8\) Id. at 102 (quoting Merck & Co., Inc. v. Mediplan Health Consulting, Inc., 425 F. Supp. 2d 402, 413 (S.D.N.Y. 2006)).
\(^8\) New Kids on the Block v. News Am. Pub’g, Inc., 971 F.2d 302, 308 (9th Cir. 1992).
direct trademark infringement, the Second Circuit ultimately did not take a position on the doctrine. However, despite failing to take a position on the doctrine, the Second Circuit continues to apply the principles of nominative fair use.

Tiffany II was a perfect opportunity for the Second Circuit to bring the doctrine of nominative fair use into the online context, but it failed to do so, foreshadowing new problems for the Lanham Act in the online marketplace context. Tiffany II suggests that with the ease of online advertising and the emergence of the online marketplace, Internet companies can use trademarks at will to advertise what they are selling as long as these companies take some anti-counterfeiting measures. Unfortunately, since not all online sites have twenty million dollars invested in fraud engines and anti-counterfeiting measures, the dangers of allowing other, less established sites to follow the eBay framework could lead to more trademark infringement claims if Congress does not create more affirmative defenses in the online marketplace context.

---

86 See Tiffany II, 600 F.3d at 102.
87 See id. at 102–03.
88 See Eric Goldman, eBay Beats Tiffany in Second Circuit, but False Advertising Claims Remanded, TECH. & L. MARKETING BLOG (Apr. 1, 2010, 2:02 PM), http://blog.ericgoldman.org/archives/2010/04/ebay_mostly_bea.htm (“[T]he opinion intentionally sidesteps some key open doctrinal questions squarely raised by the case—such as if the Second Circuit recognizes the nominative use defense, or the Second Circuit’s standards for contributory trademark infringement. As a result, we don’t get the clean and decisive doctrinal standards that help make a case truly precedent-setting . . . .”); see also Shanna Bailey, Comment, Fighting an Anonymous Enemy: The Uncertainty of Action Sites in the Face of Tiffany v. eBay and LVMH v. eBay, 40 CAL. W. INT’L L.J. 129, 145 (2009) (“Overall, it appears that the court’s message is that the current laws governing trademarks, particularly the Lanham Act, do not adequately cover situations arising within the cyber context.”); Fara S. Sunderji, Protecting Online Auction Sites from the Contributory Trademark Liability Storm: A Legislative Solution to the Tiffany, Inc. v. eBay, Inc. Problem, 74 FORDHAM L. REV. 909, 940 (2005) (arguing that “Congress . . . should enact a digital safe harbor amendment to the Lanham Act to deal with the increase of Internet-based trademark infringement”).
89 See Tiffany II, 600 F.3d at 102–03.
90 See Tiffany I, 576 F. Supp. 2d 463, 476 (S.D.N.Y. 2008); see also Steven Seidenberg, Online Companies Get a Bye on Using Trademarks, 96 ABA J. 1,
If courts continue to recognize the freedom of online marketplaces to use other brand names to describe items for sale, as in *Tiffany II*, the Lanham Act needs to expressly recognize the doctrine as an affirmative defense so that Internet providers, like eBay, can save time and money on litigation and focus on advertising to consumers. Further, for online companies not similar to eBay in terms of business models and resources, *Tiffany II* still leaves questions as to whether those companies will get the same protection under the law. *Tiffany II* seems to imply that as long as an online company has a “notice-and-takedown” procedure in place, then it will be protected under some form of the nominative fair use doctrine. Only time will tell if other online companies will be treated the same way.

**VI. RECOGNIZING THE NOMINATIVE FAIR USE DOCTRINE AS AN AFFIRMATIVE DEFENSE WILL LEAD TO A UNIFORM APPLICATION OF THE LAW**

*Tiffany II* exhibits the need for legislative clarification regarding the nominative fair use doctrine and its application to trademark law. Currently, courts decline applying the doctrine because it is not explicitly reflected in the Lanham Act, and practitioners are left guessing whether to apply the doctrine at all. Particularly in light of *Tiffany II*, a legislative clarification in the Lanham Act recognizing nominative fair use as an affirmative

---

16 (2010), available at http://www.abajournal.com/magazine/article/mark_trail/ (“Courts may expect service providers to provide the industrial-strength level of protection that eBay provides, but small startups can't do that,” says Eric Goldman, a professor at Santa Clara University School of Law. “I am concerned this case would send the wrong signal to small startups: Set up industrial-strength protections or you'll be sued out of existence.”).  
91 See Pamela T. Church, Marcella Ballard & Joi M. Lakes, Challenges for Brand Owners and Marketplace Sites in the Wake of Tiffany v. eBay, BAKER & MCKENZIE (July 2010), http://www.bakermckenzie.com/RRTiffanyEBayJul10/.  
92 See Goldman, supra note 88.  
93 *Tiffany II*, 600 F.3d at 102–03.  
94 See generally Universal Commc’n Sys. v. Lycos, 478 F.3d 413, 424 (1st Cir. 2007) (refusing to apply the nominative fair use doctrine); Pebble Beach Co. v. Tour 18 1 Ltd., 155 F.3d 526, 545–47 (5th Cir. 1998) (refusing to apply the nominative fair use doctrine).
defense is a proposed solution. This change would create a national standard and allow courts to apply nominative fair use to all trademark infringement claims, not just those that fall under § 1125(c).

A. Statutory Confusion Created by the Recognition of Nominative Fair Use as an Affirmative Defense Only to Trademark Dilution Claims in § 1125(c)

Section 1125(c) of the Lanham Act, discussing trademark dilution, includes the nominative fair use doctrine as an affirmative defense.\textsuperscript{95} Trademark dilution is a recognized remedy for trademarks that fall within the terms of the Lanham Act and are famous and distinctive.\textsuperscript{96} Trademark dilution differs from direct trademark infringement in that general infringement covers all marks, not just those that are famous.\textsuperscript{97} Famous marks are defined as those “[g]enerally recognized by the consuming public.”\textsuperscript{98}

In contrast, § 1125(a), § 1114, and § 1115(b) discuss trademark infringement and remedies and do not include the nominative fair use doctrine.\textsuperscript{99} Since trademark dilution is an alternative remedy under the Lanham Act, it would be logical to recognize the nominative fair use doctrine in § 1125(a), § 1114, or § 1115(b), but Congress has failed to do so.\textsuperscript{100} The result is confusion as to whether nominative fair use applies to all trademark infringement claims or only trademark dilution claims.

1. Application of Nominative Fair Use in a Trademark Dilution Context

\textsuperscript{95} See 15 U.S.C. § 1125(c) (2006) (“The following shall not be actionable as dilution . . . (A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services . . .”).

\textsuperscript{96} See id.


\textsuperscript{98} See 15 U.S.C. § 1125(c).


Courts are less likely to apply the nominative fair use doctrine to trademark infringement claims that do not fit comfortably into the trademark dilution mold because these uses would fall outside of the context of § 1125(c). For example, consider the application of § 1125(c) to counterfeit goods. Counterfeit goods exhaust the bounds of trademark dilution because they do more than just dilute the brand and usually involve other claims, such as contributory trademark infringement and conversion. In particular, courts recognizing *USA Today*'s use of “New Kids on the Block” in a descriptive headline or Lendingtree’s use of Century 21 in its real estate referral service were more comfortable recognizing these uses as nominative. However, in cases where the defendants associated the Tiffany brand with counterfeit products or Pebble Beach with a Texas golf course that copied various holes from famous golf courses, courts were not as comfortable applying the nominative fair use doctrine.

In interpreting § 1125(c), the Ninth Circuit observed the following: “Uses that do not create an improper association between a mark and a new product but merely identify the

---

101 See 15 U.S.C. § 1125(c) (recognizing the following uses under the fair use defense: comparative advertising; identifying, parodying, or criticizing a famous mark; news reporting and news commentary; noncommercial uses of the mark); see also *Tiffany II*, 600 F.3d 93, 102–03 (2d Cir. 2010) (refusing to apply the nominative fair use doctrine to a claim involving counterfeit goods); *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 545–47 (5th Cir. 1998) (refusing to apply the nominative fair use doctrine to a claim involving a golf course that copied holes of famous golf courses in designing its course); 4 *MCCARTHY*, supra note 10, § 24:124 (explaining that nominative uses that do not cause blurring or tarnishment are exempted under the statute).

102 See 15 U.S.C. § 1125(c) (defining trademark dilution as “blurring or diluting by tarnishment of the famous mark . . .”); see also *Tiffany II*, 600 F.3d at 96 (claiming direct trademark infringement, contributory trademark infringement, and false advertising); *Pebble Beach*, 155 F.3d at 535 (claiming “common-law unfair competition, conversion, and civil conspiracy and for service-mark and trade-dress dilution” in addition to direct trademark infringement).

103 See *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 220–22 (3d Cir. 2005); *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992).

104 See *Tiffany II*, 600 F.3d at 102–03; *Pebble Beach*, 155 F.3d at 545–47.
trademark holder’s products should be excepted from the reach of the anti-dilution statute. Therefore, the associations of Tiffany with counterfeit jewelry and Pebble Beach with a local Texas golf course could create these “improper associations,” and the courts are not as likely to apply the nominative fair use doctrine in these contexts.

2. Rationale for Including the Nominative Fair Use Doctrine in § 1125(c)

The question remains, why is the nominative fair use defense limited to trademark dilution claims? As further explained in Playboy Enterprises, Inc. v. Welles, nominative fair use does not cause dilution. Rather, dilution is caused when associations are made with the mark. Nominative fair use does not create associations; it merely identifies a source.

One reason that the doctrine is limited to § 1125(c) could be because Congress did not consider it. This section was originally drafted in 1946, and it is possible that Congress has not considered an amendment because the case law supporting nominative fair use as an affirmative defense is fairly recent. Also the Third Circuit in Century 21 Corp. v. Lendingtree, Inc. was the first circuit to apply the nominative fair use doctrine as an affirmative defense, and this case was decided recently in 2005.

Furthermore, the Federal Trademark Dilution Act, passed in 1995 and revised in 2005, created a separate cause of action for dilution claims in § 1125(c). Therefore, it is logical to assume that Congress was only focusing on trademark dilution in passing

---

105 See Playboy Enters., Inc. v. Welles, 279 F.3d. 796, 806 (9th Cir. 2002); 4 McCarthy, supra note 10, § 24:124.
106 See Playboy, 279 F.3d at 806.
107 279 F.3d 796 (9th Cir. 2002).
108 Id. at 805.
109 Id. at 806.
110 Id.
112 425 F.3d 211 (3d Cir. 2005).
113 See id. at 228.
the amendment including nominative fair use as a defense and not evaluating other sections of the Lanham Act at the time.

Another reason for the distinction could be that Congress did not intend to apply the nominative fair use doctrine as an affirmative defense to all trademark infringement claims. The original draft of the Federal Trademark Dilution Act applied the nominative fair use defense to all claims brought “under this section,” meaning the fair use defense would apply to all claims under § 1125. However, after Congressional debate on the Trademark Dilution Revision Act, the amendment was changed to apply the fair use defense to claims only brought “under this subsection.” Those arguing in favor of the change convinced Congress that the use of the language “under this section” was a drafting error.

In addition, two other arguments have been advanced as to why the language in the Trademark Dilution Revision Act was changed. First, some argued that First Amendment concerns are more prevalent in trademark dilution claims, where trademark usage can be censored without a plaintiff proving there is a “likelihood of confusion.” Therefore, the fair use defense should be applicable only to these claims. Second, some argued that applying the fair use defense to all trademark infringement claims would create a legislative loophole in § 1125(d), allowing the defendants to profit from purchasing Internet domain names through the protection of the nominative fair use defense.

---

115 See McCARTHY, supra note 24, § 24:123.
116 See id.
117 See id.
118 Paul A. Levy, The Trademark Dilution Revision Act—A Consumer Perspective, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1189, 1217 (2006) (“To be sure, the First Amendment issues are most pronounced in the dilution context, where speech is being suppressed despite the complete absence even of any concern about confusion.”).
119 See id.
120 See id. at 1219 (“... if the ‘this section’ language were left in place, it would create an unintended loophole in § 43(d) ... [Section 1125(d)] was enacted ... to deal with the rampant problem of profiteers registering the trademarks of companies as domain names and trying to extract money from
3. **Problems with Leaving Nominative Fair Use Only in Trademark Dilution**

Statutorily, it does not make sense to leave the nominative fair use defense only in § 1125(c) of the Lanham Act. Nominative fair use should be broadened and recognized in all direct trademark infringement claims, not just trademark dilution claims.

As discussed in *Tiffany I*, famous mark holders, unlike ordinary trademark holders, have the burden of policing their marks. \(^\text{121}\) Famous trademarks are more likely to become generic, and famous trademark holders would lose their ability to protect their mark under the Lanham Act. \(^\text{122}\) Consequently, famous trademark holders would be more likely to bring an action for any use of their mark to protect it from becoming a generic term, like Jell-O or Aspirin. \(^\text{123}\)

However, the emergence of the online marketplace has in effect diluted the distinction between famous and ordinary trademarks. All trademark holders are responsible for policing the use of their trademark online. \(^\text{124}\) Because the Internet makes it so easy to create an article, a webpage, or even an advertisement, ordinary trademarks can become famous overnight, thus making trademark liability more frequent and this distinction less important. \(^\text{125}\) If the courts are going to put such a heavy burden on trademark owners wishing to own the domain names that incorporate their trademarks. To that end, the statute applies when the defendant acts with ‘a bad faith intent to profit’ from the mark. \(^\text{121}\) Allowing noncommercial or fair use to override a bad faith intent to profit would transform that factor into a dispositive issue. . . .”

\(^\text{121}\) *See Tiffany I*, 576 F. Supp. 2d 463, 469 (S.D.N.Y 2008).
\(^\text{122}\) *See* 15 U.S.C. § 1065 (2006); *see also* 2 *McCarthy, supra* note 10, § 12:1 (“Sometimes genericide occurs as a result of the trademark owner’s failure to police the mark, resulting in widespread usage by competitors leading to a perception of genericness among the public, who sees many sellers using the same term.”).
\(^\text{123}\) *See* 2 *McCarthy, supra* note 10, § 12:1 (stating that once a word becomes generic, it cannot be registered as a trademark). Therefore, Aspirin and Jell-O are so commonly used that the companies can no longer claim trademark infringement for their use. *See id.* § 12:16.
\(^\text{124}\) *See Tiffany I*, 576 F. Supp. 2d at 469.
\(^\text{125}\) *See* Ronald D. Coleman & Roberta Krause, *Online Auction Sites and Trademark Infringement Liability*, N.Y. B. ASS’N,
all trademark users to police their marks, eventually all trademark holders will start policing more frequently, or at least Tiffany will. Therefore, nominative fair use will become even more necessary for users as a defense to all types of trademark infringement, not just trademark dilution involving famous marks.

Congress clearly favored recognizing nominative fair use as an affirmative defense under fair use in § 1125(c). Thus, it is inconsistent to decline to make the same distinction in § 1125(a), § 1114, or § 1115(b). If Congress is recognizing classic fair use as a defense to trademark infringement but only recognizes nominative fair use in the trademark dilution context, it would be logical to recognize the doctrine in these sections and apply nominative fair use as an affirmative defense to all infringement claims.

Without further guidance from the Lanham Act, it is understandable that courts, like the Second Circuit in Tiffany II, are hesitant to recognize the nominative fair use doctrine in direct trademark infringement claims that are not specifically tailored to trademark dilution claims. Now is the time for Congress to recognize all descriptive uses of trademarks as an affirmative defense so courts do not have to keep trying to fit their cases into the trademark dilution context.

B. Congress Needs to Recognize Nominative Fair Use as an Affirmative Defense

Congress needs to recognize nominative fair use as an affirmative defense so that courts, like the Second Circuit in Tiffany II, can feel comfortable applying the doctrine in all trademark contexts, not just trademark dilution. Also in recognizing nominative fair use as an affirmative defense, a

http://www.abcny.org/pdf/report/Online%20Auction%20Sites%20Final%20Report.pdf (last visited Nov. 6, 2010) (“Because of the intense interest in the way the law will respond to emerging technology such as online auction sites, and because this new venue so easily facilitates trademark infringement, the issue of online auction site liability fosters much debate and speculation.”).

national standard will be created under the Lanham Act resolving the current circuit split.

Recognizing the nominative fair use doctrine as an affirmative defense would clarify which party has the burden of proof under the doctrine. In *Tiffany II*, eBay raised nominative fair use as an affirmative defense, but because the circuit court refused to recognize the doctrine, it is unclear who would have had the burden of proof in the case.127 Furthermore, given the current circuit split, practitioners have to meet different burdens depending on which circuit hears their case.128 If the case is heard under the Ninth Circuit test, the defendant has the burden of proving there was no “likelihood of confusion.”129 But in the Third Circuit, the plaintiff must prove there was a “likelihood of confusion” and then the defendant must prove the elements of the test.130

The jurisdictional divide on the issue of nominative fair use also creates an efficiency problem from a practitioner’s standpoint, which is something that a national standard would mitigate.131 For example, consider eBay and Tiffany, both of which are international companies. Though this case was heard in New York, eBay could have been sued in California and would have had to meet a different burden of proof, even if the facts were identical to this case.132 As businesses are becoming more global

127 *Tiffany II*, 600 F.3d at 102–03.
128 Compare *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 221–22 (3d Cir. 2005) (holding the burden is on the defendant after the plaintiff proves a “likelihood of confusion”), with *New Kids on the Block v. News Am. Pub'g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992) (holding that the burden is on the plaintiff).
129 See *New Kids*, 971 F.2d at 308.
130 See *Century 21*, 425 F.3d at 221 (holding that the burden is on the defendant after the plaintiff proves a “likelihood of confusion”). But cf. *New Kids*, 971 F.2d at 308 (holding that the burden is on the plaintiff).
132 See supra note 128.
and the Internet is now reaching every part of the world, a uniform standard for the nominative fair use doctrine is even more important for these businesses.

Also, there is a need for more affirmative defenses in trademark law.\textsuperscript{133} Due to the fact that trademark law has expanded to recognize many different causes of action, from comparative advertising to trademark dilution to parody, some argue that the law should also expand to recognize more affirmative defenses for trademark law.\textsuperscript{134} This is particularly evident in \textit{Tiffany II}, given that the court is considering new causes of action in the online marketplace.\textsuperscript{135} If Congress fails to recognize more affirmative defenses, consumers will be harmed because they will not be able to use trademarks to fulfill their informational needs online.\textsuperscript{136} For example, eBay sellers will not be able to use the Tiffany trademark to advertise Tiffany products online without the risk of liability unless nominative fair use is recognized as an affirmative defense.\textsuperscript{137}

In addition, precedent supports adopting the nominative fair use doctrine as an affirmative defense.\textsuperscript{138} The Third Circuit test provides courts with a model and would be supported by the proposed legislative amendments to the Lanham Act.\textsuperscript{139} The Third

\begin{footnotesize}

\textsuperscript{134} See Dinwoodie, \textit{supra} note 133, at 121–22. See generally Gerhardt, \textit{supra} note 4, at 430–31 (recognizing the expansion of trademark law and the trend of harming consumer interests when using marks for informational purposes).

\textsuperscript{135} See \textit{Tiffany II}, 600 F.3d 93, 93 (2d Cir. 2010) (alleging direct trademark infringement, contributory trademark infringement, false advertising, and trademark dilution).

\textsuperscript{136} See \textit{id.} at 102–03 (discussing eBay’s argument for the application of the nominative fair use doctrine); Gerhardt, \textit{supra} note 4, at 430–31 (“The harm is especially apparent when trademark law is used to deny consumers the opportunity to use trademarks to find information.”).

\textsuperscript{137} See \textit{Tiffany II}, 600 F.3d at 102–03; Gerhardt, \textit{supra} note 4, at 430–31.

\textsuperscript{138} See KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111, 122–23 (2004); see also Century 21 Real Estate Corp. v. Lendingtree, Inc., 425 F.3d 211, 221–22, 228 (3d Cir. 2005).

\end{footnotesize}
Circuit’s approach is also supported by the Supreme Court precedent of *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.* Though *KP Permanent Make-Up* is a case regarding the classic fair use defense, the Supreme Court also placed the burden of proof for the “likelihood of confusion” analysis on the plaintiff before the classic fair use defense could be asserted. The Lanham Act also recognizes “likelihood of confusion” as a necessary component of trademark infringement, and nominative fair use is distinctly recognized as an affirmative defense in § 1125(c).

As a result of the Supreme Court decision and the Lanham Act, the Third Circuit test requires the affirmative defense to be raised only after the plaintiff proves the defendant’s use created a “likelihood of confusion.” Even though *Tiffany II* did not recognize nominative fair use as an affirmative defense, the Second Circuit’s analysis also included a comparable “likelihood of confusion” analysis.

The Third Circuit model also aligns nominative fair use with classic fair use, which is a logical extension of the doctrine because the terms are often used interchangeably, though they have different meanings. Both concepts involve descriptive uses of marks and both involve an analysis of the extent to which the use is likely to confuse users. Thus, statutorily, it would make sense to treat these similar concepts similarly under the law.

---

10 543 U.S. 111, 122–23 (2004); accord *Century 21*, 425 F.3d at 221–22, 228.
11 *KP Permanent Make-Up*, 543 U.S. at 124.
14 See *Century 21*, 425 F.3d at 221–22, 228; see also id.; *KP Permanent Make-Up*, 543 U.S. at 124.
15 *Tiffany II*, 600 F.3d 93, 102–03 (2d Cir. 2010) (“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.”).
17 *Id.*
VI. CONCLUSION

_Tiffany II_ shows the need for Congress to clarify the nominative fair use doctrine as an affirmative defense so courts will stop sidestepping the doctrine and practitioners can have a national standard to follow. Given the current circuit split and the various approaches to the doctrine, it is clear that there is a need for legislative clarification. Opening the nominative fair use defense to trademark infringement claims, other than just trademark dilution claims, will protect users in the Internet age from trademark infringement, especially in the online marketplace context. Congress could resolve this problem by recognizing the doctrine in § 1125(a), § 1114, and § 1115(b) of the Lanham Act. Congress could also clarify nominative fair use as an affirmative defense in the Lanham Act.
defense, like the Third Circuit, and align the doctrine with classic fair use. Without these clarifications, however, companies like Tiffany are left to wonder how to best protect their brands, and practitioners continue to question how to best protect their global clients in the online marketplace. Companies, practitioners, and courts are likely to be confused until Congress takes action.