

**ORANGE COUNTY BAR ASSOCIATION
INTELLECTUAL PROPERTY/TECHNOLOGY LAW
MAY MEETING**

Date:
Monday, May 16, 2005

Time:
12:00 p.m. to 1:30 p.m.

Speaker:
Charles Wu, Esq.
Wu & Cheung LLP

Topic:
KP vs. Lasting Impression: How Does it Impact Your Trademark Practice?
* Update on latest Supreme Court decision on trademark law

MCLE CREDIT = 1.00

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for MCLE credit by the State Bar of California in the amount of 1.0 hour.

Location:
Wyndham Hotel
3350 Avenue of the Arts, Costa Mesa

Price:
Section Member / Non-Attorney Guest - **\$27.00** (Non-Attorney Guest must pre-register with attorney)
Non-Section OCBA Member - **\$32.00** ♦ Non-OCBA Attorney - **\$52.00**

RESERVATIONS MUST BE RECEIVED WITH PAYMENT AT THE OCBA OFFICE BY 5/12/2005

**An additional \$5.00 charge is payable at the door for both Meal and No Meal
options without 48 hours prior notice of attendance.**

Reservations will not be taken over the phone.

Persons with Disabilities: If special arrangements are required for attendance, please contact the OCBA no later than 7 days prior to the event.

If you make a reservation to attend this section meeting and are unable to attend, you must notify the OCBA office in writing
48 hours prior to the date of the meeting or it will be necessary to bill you for the lunch reservation.

Register online at www.OCBar.org

Intellectual Property and Technology Law Section Meeting on May 16, 2005

I will attend with a Meal (prices above) I will attend - No Meal. (Section Members \$0, Non-Section \$5 and Non-OCBA \$25)

Name (*print*): _____ Email: _____
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K.P. VS. LASTING IMPRESSION 125 S.Ct. 242

How Does it Impact Your Trademark Practice?



Charles C.H. Wu, Wu & Cheung, LLP, Counsel of Record for Lasting Impression
98 Discovery, Irvine, CA 92618 Tel.: 949-251-0111 Fax: 949-251-1588
Web Site: www.wclawyers.com

Contact Charles C.H. Wu at CCHWU@WCLAWYERS.COM for a copy of this PowerPoint presentation



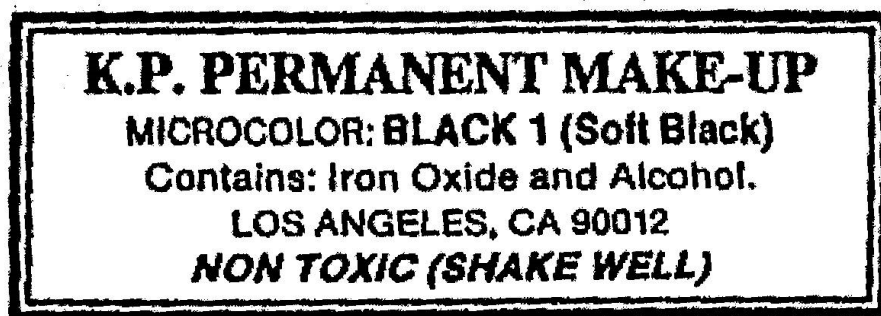
QUESTION ANSWERED BY THE U.S. SUPREME COURT

Whether a party raising the statutory affirmative defense of fair use to a claim of trademark infringement, 15 U.S.C. 1115(b)(4), has a burden to negate any likelihood that the practice complained of will confuse consumers about the origin of the goods or services affected.

(QUESTION FRAMED BY JUSTICE SOUTER WHO DELIVERED
THE OPINION)

HOW THIS CASE AROSE

1991 OR 1992: KP ALLEGEDLY WAS USING THE FOLLOWING LABEL ON ITS PIGMENT LABEL¹.



1993: LASTING OBTAINED FEDERAL TRADEMARK REGISTRATION FOR THE FOLLOWING

M MICRO-COLORS® Pigment



¹. This is a disputed fact to be determined pending remand to the lower courts

1999: (A) KP'S NEW USAGE OF "MICROCOLOR" ON ITS WEB SITE AND BROCHURES

(B) LASTING'S "MICRO COLORS" BECAME INCONSTESTABLE



MAY, 2001 CROSS-MOTIONS FOR SUMMARY JUDGMENT / ADJUDICATIONS

LASTING'S ARGUMENTS:

1. KP CAN NOT SATISFY "PRIOR USE"
AFFIRMATIVE DEFENSE UNDER 15 USC 1065
IN THAT KP DID NOT ACQUIRE STATE
TRADEMARK RIGHTS
2. LASTING'S "MICRO COLORS" IS
PREDOMINATELY TEXTUAL AND NOT LIMITED
TO THE COMPOSITE MARK
3. "MICRO COLORS" IS NOT GENERIC



KP'S ARGUMENTS

1. THE PHRASE “MICRO COLORS” IS GENERIC.
2. LASTING’S INCONTESTABLE STATUS IS LIMITED TO THE COMPOSITE MARK AND NOT THE GENERIC “MICRO COLORS” PHRASE INSIDE THE BOX DESIGN.
3. LASTING CANNOT SHOW LIKELIHOOD OF CONFUSION.
4. KP IS ENTITLED TO USE THE PHRASE UNDER THE FAIR USE DOCTRINE.

THE LAW: 15 U.S.C. 1115(b)(4)

1115. Registration on principal register as evidence of exclusive right to use mark; defenses

.....

(b) Incontestability; defenses

.....

That the use of the name, term, or device charged to be an infringement is a use, **otherwise than as a mark**¹, 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**² and used **fairly and in good faith**³ only to describe the goods or services of such party, or their geographic origin; or



1115(b)(4) DEFENSE ELEMENTS:

1. NOT USED AS A TRADEMARK
(FOCUS ON DEFENDANT'S USE)
2. DESCRIPTIVE USE (FOCUS ON
DEFENDANT'S USE)
3. USED FAIRLY (OBJECTIVELY) AND
IN GOOD FAITH (SUBJECTIVELY)

DISTRICT COURT'S RULING GRANTS KP'S SJM AND DENIES LASTING'S MSA

1. "MICRO COLORS" IS GENERIC
2. EVEN IF "MICRO COLORS" IS NOT GENERIC, IT IS DESCRIPTIVE
3. ALTHOUGH "MICRO COLORS" HAS ACHIEVED INCONTESTABLE STATUS. THUS, PRESUMPTION OF DISTINCTIVENESS OR IF DESCRIPTIVE, SECONDARY MEANING IS PRESUMED. HOWEVER, THAT PRESUMPTION IS LIMITED TO THE EXACT COMPOSIT MARK AS REGISTERED BY LASTING.
4. FAIR USE DOCTRINE: (A) NOT A TRADEMARK USE, (B) FAIRLY AND IN GOOD FAITH, AND (C) DESCRIPTIVE USE

NINTH CIRCUIT'S RULING (APRIL 30, 2003)

328 F.3d 1061; 66 U.S.P.Q.2d 1509

Circuit Judges: Procter Hug, Jr., Melvin Brunetti, and Diarmuid F. O'Scannlain. Opinion written by Justice Hug

1. "MICRO COLORS" IS NOT GENERIC
2. INCONTESTABILITY EXTENDS TO THE MOST SALIENT FEATURE OF THE MARK AND NOT LIMITED TO THE COMPOSITE AS A WHOLE (CITING PARK 'N FLY, 469 U.S. 189)
3. CLASSIC FAIR USE DEFENSE REQUIRES THE ANALYSIS OF LIKELIHOOD OF CONFUSION.

The logo for "MICRO COLORS" is located in the top right corner of the slide. It consists of the word "MICRO" in a white, sans-serif font above the word "COLORS" in a similar font, both contained within a black rectangular box. The text is centered within the box.

3 IS AT ISSUE BEFORE THE U.S. SUPREME COURT
CERT. PETITION AVERS THAT # 3 ABOVE, THE 9TH CIRCUIT USES THE
ZERO TOLERANCE APPROACH. I READ IT DIFFERENTLY.

U.S. SUPREME COURT'S RULING 125 S.Ct. 542 (2004)

Supreme Court of the United States
Office of the Clerk
Washington, DC 20543-0001

William K. Suter
Clerk of the Court
(202) 479-3011

December 8, 2004

Mr. Charles C.H. Wu
Wu & Cheung, LLP
7700 Irvine Center Drive, Suite 710
Irvine, CA 92618

Re: KP Permanent Make-Up, Inc.
v. Lasting Impression I, Inc., et al.
No. 03-409

Dear Mr. Wu:

The enclosed opinion of this Court was announced today in the above stated case.

The judgment or mandate of this Court will not issue for at least twenty-five days pursuant to Rule 45. Should a petition for rehearing be filed timely, the judgment or mandate will be further stayed pending this Court's action on the petition for rehearing.

Sincerely,

William K. Suter, Clerk

by



Denise McNerney
Merits Case Clerk
(202) 479-3032

SUPREME COURT OF THE UNITED STATES

No. 03–409

KP PERMANENT MAKE-UP, INC., PETITIONER *v.*
LASTING IMPRESSION I, INC., ET AL.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF
APPEALS FOR THE NINTH CIRCUIT

[December 8, 2004]

JUSTICE SOUTER delivered the opinion of the Court.*

The question here is whether a party raising the statutory affirmative defense of fair use to a claim of trademark infringement, 15 U. S. C. §1115(b)(4), has a burden to negate any likelihood that the practice complained of will confuse consumers about the origin of the goods or services affected. **We hold it does not.**

words or images in their primary descriptive sense”).⁵ This right to describe is the reason that descriptive terms qualify for registration as trademarks only after taking on secondary meaning as “distinctive of the applicant’s goods,” 15 U. S. C. § 1052(f), with the registrant getting an exclusive right not in the original, descriptive sense, but only in the secondary one associated with the markholder’s goods, 2 McCarthy, *supra*, § 11:45 (“The only aspect of the mark which is given legal protection is that penumbra or fringe of secondary meaning which surrounds the old descriptive word”).

While we thus recognize that mere risk of confusion will not rule out fair use, we think it would be improvident to go further in this case, for deciding anything more would take us beyond the Ninth Circuit’s consideration of the subject.

It suffices to realize that our holding that fair use can occur along with some degree of confusion does not foreclose the relevance of the extent of any likely consumer confusion in assessing whether a defendant’s use is objectively fair.

Two Courts of Appeals have found it relevant to consider such scope, and commentators and *amici* here have urged us to say that the degree of likely consumer confusion bears not only on the fairness of using a term, but even on the further question whether an originally descriptive term has become so identified as a mark that a defendant’s use of it cannot realistically be called descriptive. See *Shakespeare Co. v. Silstar Corp.*, *supra*, at 243 (“[T]o the degree that confusion is likely, a use is less likely to be found fair . . .” (emphasis omitted)); *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F. 3d, at 1059; Restatement (Third) of Unfair Competition, §28;

*

IN SUMMARY:

1. DEFENDANT ASSERTING THE FAIR USE DEFENSE DOES NOT HAVE THE BURDEN TO NEGATE PLAINTIFF'S CASE IN CHIEF, "LIKELIHOOD OF CONFUSION" ELEMENT.
2. LIKELIHOOD OF CONFUSION IS STILL A RELEVANT FACTOR IN THE FAIR USE ANALYSIS (125 S.Ct. 550)

KP HAD ARGUED THE IRRELEVANCY OF ANY AMOUNT OF CONFUSION SO LONG AS IT MET THE 3 ELEMENTS OF FAIR USE DEFENSE: (1) NOT USED AS A MARK; (2) USED DESCRIPTIVELY; AND (3) USED FAIRLY AND IN GOOD FAITH. WE CONSIDER A FAVORABLE OPINION IF THE SUPREME COURT KEEPS THE LIKELIHOOD OF CONFUSION ELEMENT IN THE FAIR USE ANALYSIS BECAUSE WE CAN THEN ARGUE THAT "NOT USED AS A MARK" ELEMENT.



HOW DOES IT IMPACT YOUR TRADEMARK PRACTICE?

IF YOU REPRESENT THE TRADEMARK HOLDER:

- A. IF A DESCRIPTIVE MARK IS SELECTED, THE FAIR USE DEFENSE MAY COME UP LATER ON IN LITIGATION.

EXAMPLES OF MARKS HELD TO BE DESCRIPTIVE

AFTER TAN;

AMERICA'S BEST POP CORN;

BED & BATH;

BEER NUTS SALTED NUTS;

BEST COMPUTER SUPPORT SERVICES;

COMPUTERLAND RETAIL COMPUTER STORES;

CONSUMER TESTING LABORATORIES CONSUMER TESTING SERVICES;

DOC-CONTROL DOCUMENT CONTROL SOFTWARE;

DYANSHINE SHOE POLISH;

EASYLOAD TAPE RECORDERS;


EXPRESS EMPLOYMENT SERVICES;

FIRST BANK BANKING SERVICES

FOOD FAIR SUPERMARKET;

HOLIDAY INN MOTEL;

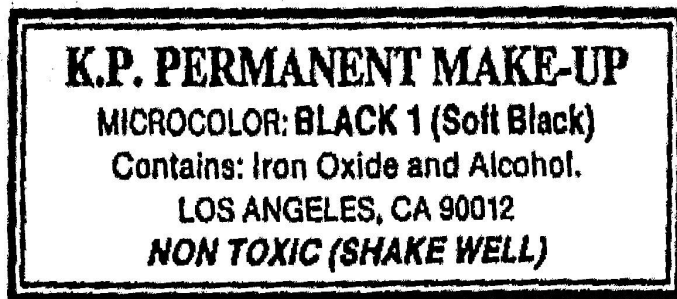
MUSTANG TRAILER;



NO SPOT CAR WASH SYSTEM;
OFF THE RACK MENS' STORE;
PATENT & TRADEMARK SERVICES, INC.;
PENTOMINO DOMINO WITH FIVE SQUARES;
PRE-INKED RUBBER PRINTING STAMP;
PRO STYLE HAIR DRYER;
RAISIN-BRAN RAISIN AND BRAN CEREAL;
SAVON GASOLINE;
ROCKTOBER OCTOBER FESTIVAL OF ROCK MUSIC;
SCREEN FAX PHONE FAX DEVICE WITH SCREEN AND TELEPHONE;
TELEMED REMOTE MEDICAL ANALYSIS SERVICE;
TENDER VITTLES CAT FOOD;
TINZ HAIR COLORING FORMULA
VISION CENTER OPTICAL CLINIC
WORLD BOOK ENCYCLOPEDIA

IF THERE IS ANY CONFUSION OR LIKELIHOOD OF CONFUSION, IMMEDIATELY DOCUMENT IT BECAUSE IT WILL REFUTE ELEMENT # 1 OF THE FAIR USE DEFENSE: “NOT USED AS A MARK”

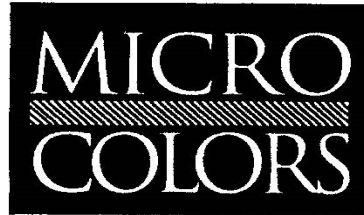
ACTUAL CONFUSION OR LIKELIHOOD OF CONFUSION PROVIDES A STRONG INFERENCE THAT DEFENDANT’S USE OF THE MARK IS A TRADEMARK USE.



← trademark use ?

B. COUNSEL CLIENTS TO AVOID USING A WORD OR PHRASES FROM A DICTIONARY AS A TRADEMARK.

C. IF CLIENT'S MARK IS A COMPOSITE MARK (WORD + LOGO), FILE FOR BOTH THE WORD MARK AND THE LOGO MARK. (SEE THE BELOW)

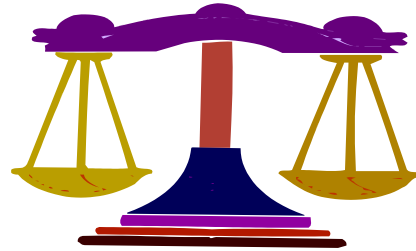


D. APPLY FOR THE "INCONTESTABLE" STATUS AFTER 5 YEARS OF NON-CONTESTED USE.

E. BOLSTER SECONDARY MEANING.

(1) HAVE INDUSTRY ASSOCIATION RECOGNIZE OR ACKNOWLEDGE THAT CLIENT'S MARK IS DISTINCTIVE AND ASSOCIATION MEMBERS ASSOCIATE THE MARK TO CLIENT.

(2) CONDUCT HEAVY PROMOTIONS OF THE MARK.



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