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Circuit Split Remains: SCOTUS Passes on Defining Nominative Fair Use

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In a recent disappointment to those advocating clarity for the muddy waters of determining permissible use of third-party trademarks under the nominative fair use doctrine, the Justices of the United States Supreme Court denied the petition for *certiorari* on the Second Circuit's recent nominative fair use ruling. In doing so, SCOTUS made one thing clear: the various approaches to the nominative fair use doctrine among the circuits will remain the law of the land – at least for now.

The Ninth Circuit first articulated the nominative fair use doctrine in *New Kids on the Block v. News America Publishing, Inc.*, 971 F.2d 302 (9th Cir. 1992). In *New Kids*, the court held that a defendant can use a plaintiff's trademark to describe the plaintiff's product, rather than its own, as long as the defendant can meet three requirements: (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; and (3) the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder. In its ruling, the court rejected the application of the eight likelihood of confusion factors and found that this new standard must be applied in evaluating nominative fair use cases within the Ninth Circuit. Applying its new analysis, the court held that the defendant-publisher could use the then popular boy band's name in survey questions, such as: "Which of the New Kids on the Block would you most like to move next door?"

After *New Kids*, other circuits took up the torch and debated whether to adopt or adapt the Ninth Circuit's doctrine. For example, the Third Circuit created a modified set of the likelihood of confusion factors and found nominative fair use to be an affirmative defense. In other words, in the Third Circuit, even where there is likelihood of consumer confusion, defendant can claim nominative fair use as a defense as along as: (1) 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) the defendant uses only so much of the plaintiff's mark as is necessary to describe plaintiff's product; and (3) the defendant's conduct or language reflect the true and accurate relationship between plaintiff and defendant's products or services.

The Second Circuit, in *International Information Systems Security Certification Consortium, Inc. v. Security University, LLC*, 823 F.3d 153 (2d Cir. 2016), announced yet another approach to nominative fair use. Although the court rejected the Third Circuit's holding that nominative fair use is an affirmative defense, it also did not accept hook, line, and sinker the Ninth Circuit's approach of ignoring the likelihood of confusion factors.

Accordingly, the court held that when evaluating nominative fair use, a district court must weigh the Polaroid likelihood of confusion factors, as well as its three, newly articulated factors. The Second Circuit's three additional factors are a combination of the Ninth and Third Circuits' factors, demanding that the lower court weigh the answers to the following: (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.

After articulating its newly formulated test, the Second Circuit remanded the case to the district court to determine if the defendant-company's use of plaintiff-company's certification mark without permission constituted nominative fair use. Although *cert.* was requested, it was denied on January 9. Consequently, there remains no definitive federal standard, and trademark owners must think carefully about the implications of the circuits' disparate approaches to the nominative fair use doctrine in protecting and asserting their trademark rights.

Kilpatrick Townsend and Stockton's Trademark attorneys have extensive experience in nominative fair use issues. Please feel free to contact us for more information about the issues contained in this Alert.

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