

## The Likelihood of Confusion in the United State Ninth Circuit and the doctrine of Confusable Marks in the Andean Tribunal<sup>1</sup>

*La probabilidad de confusión de marcas en los tribunales del Noveno Circuito estadounidense y la Doctrina de Marcas Confusas en el Tribunal Andino*

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**Abstract:** The article analysis the most important cases within the jurisdiction of California regarding the trademark infringement and its prerogative of the likelihood of confusion. Finally, it compares the conclusion with the confusable marks theory within the Andean community's recent cases solving the issue.

**Keywords:** Likelihood of confusion, Confusable Marks and Infringement.

**Resumen:** El artículo realiza un análisis jurisprudencial de los casos más relevantes de la jurisdicción de California con motivo del proceso calificativo o mejor determinativo de una violación al derecho marcario y la teoría de probabilidad de confusión dentro del mismo. Finalmente, se compara brevemente las conclusiones con la teoría de las marcas confusas de casos recientemente conocidos por el Tribunal Andino.

**Palabras clave:** Probabilidad de Confusión Marcaria, Marcas confusas y Violación al Derecho Marcario.

### 1. Introduction

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This article contains a detailed analysis of the eight factors that should be considered in Common law in the Ninth District in California referring to the given judicial protection under section 15 USCA section 1125 in determination of trademark infringement. Then, it would be

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the moment for a brief comparative analysis with the Andean Tribunal interpretation of Decision 486 of the year 2000.

## 2. The Ninth Circuit Likelihood of Confusion

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### 2.1. Strength of the Protected Mark

This factor consists of an objective threshold and a subjective intensifier requirement which weakens or strengthens the particular mark protection. The methodological exercise done by the court is deductive, beginning in a general conceptual categorization ending towards a particular commercial delimitation. It could be the case that the Court would likely conclude that despite initially being conceptually suggestive a mark and therefore initially deserving only weak protection, it turns to, due to its commercial widespread nationally public recognition, to a strong protected mark. Therefore, “both the conceptual strength and the commercial strength of a mark are considered”<sup>2</sup> “as initial matter”<sup>3</sup>.

That particular conclusion was held thanks to the intensifier subjective catalytic agent as “for showing of secondary meaning” in *Pom Wonderful LLC v. Hubbard*<sup>4</sup>. Then in explaining the threshold, a suggestive mark is in which a “subtly connote something about the product, although less distinctive than an arbitrary or fanciful mark and therefore a comparatively weak mark, a suggestive mark will be protected as it is without proof of secondary meaning because it is entitled to a restricted range of protection in the market. Thus, “only if the marks are quite similar, and the goods closely related, will infringement be found”. Mark's strength elucidates a form of balancing test, because “commensurate with the degree of the consumer association proven”<sup>5</sup>. What results is that the more you prove the more you get, but without changing the conceptual essence of the mark, it goes further from its natural spectrum of protection. At the end the court addresses a) the requirements you need to proof to get protection change and b) the range of protection of the mark<sup>6</sup>.

A strong mark, inherently distinctive mark, affords the widest ambit of protection from infringing uses when association of the origin in the marketplace “neither suggest nor describe, and there is no need to describe secondary meaning. On the other hand a weak mark is descriptive because it says something about the product and it will be protected only when

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<sup>2</sup> *Groupon, LLC v. Groupon, Inc.*, 859 F.Supp.2d 1067 (N.D. Cal. 2012).

<sup>3</sup> *E. & J. Gallo Winery v. Gallo Cattle Co.*

<sup>4</sup> 775 F.3d 1118 (9th Cir. 2014), 279 F.3d 1135 (9th Cir. 2002).

<sup>5</sup> *Norm Thompson Outfitters Inc. v. General Motors Corp.* 448 F.2d 1293-1295 (CA 9 1971- Applying Oregon Law cited by *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341. 9th Cir. 1979 ) and in *Athleta, Inc. v. Pitbull Clothing Co., Inc.*, 2013 WL 142877 (C.D. Cal. 2013).

<sup>6</sup> *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979).

secondary meaning is shown”. Conceptual strength, in turn, depends on the mark's characterization in the standard consumer: the strongest marks are “arbitrary” ones and “suggestive” marks; the weakest are “descriptive” and “generic” marks. “Commercial strength is based on ‘actual marketplace recognition and thus advertising expenditures can transform a suggestive mark into a strong mark.’”<sup>7</sup>.

Additionally, this factor does not play in isolation from the others, because it is considered a weak mark when “where there has been extensive third party use of similar marks on similar goods”<sup>8</sup>. Nevertheless, it should first be remembered that whether it is similar or not depends on the second factor because “in situations in the case of almost identical products and services the strength of the mark is one of diminish importance”<sup>9</sup>. For instance, in the *Sleekcraft* case it was held that a recreational boat differs from a high-speed boat, therefore they were not similar and as consequence of that, the protection was limited. Also in “Groupon” which suggest “coupon” demonstrates the use of similar marks in the relevant industry as well as the lack of Groupon’s commercial strength in the United States, the significantly undermines the strength of its mark. In POM, protection went to plaintiff, not to defendant as in *Groupon* because the Court found that “POM”’s suggestive commercially strong, considering the national scope as leading supermarket seller of 100% pomegranate juice and marketing efforts; then as oppose to “Sleekcraft” related energy beverages sells where also restricted.

## 2.2. Proximity and relatedness of the goods

In determining whether or not goods are related, the Ninth Circuit considers the following:

Proximity of goods means that the public will unmistakably assume that “there is an association between producers” when there is not really such association because the goods are “related”. That would be enough to test competing products but in a not-competing context they have to be “similar” or “extremely close in use and function”<sup>10</sup>. “Extremely close related circumstances are a) complementary product; b) products sold to the same class of purchases and; c) products similar in use and functions”<sup>11</sup>.

If there is a product that is “nearly identical in sight and sound” the only defense allowed is that “the product must be “substantially different”. The Ninth Circuit examined two beverages made of pomegranate or pomegranate flavored, single-serve, and marketed for their healthy benefits. Although one was energy drink and the other a 100% juice beverage, the Court decided that the “use and function” of the beverages were “clearly related.” Similarly, in

<sup>7</sup> *Groupon, LLC v. Groupon, Inc.*, 859 F.Supp.2d 1067 (N.D. Cal. 2012).

<sup>8</sup> *Athleta, Inc. v. Pitbull Clothing Co., Inc.*, 2013 WL 142877 (C.D. Cal. 2013).

<sup>9</sup> *Athleta, Inc. v. Pitbull Clothing Co. Inc.*, 2013 WL 142877 (C.D. Cal. 2013).

<sup>10</sup> *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341. 9th Cir. 1979. Entrepreneur Media, 279 F.3d at 1147.

<sup>11</sup> *Pom Wonderful LLC v. Hubbard*, 775 F.3d 1118 (9th Cir. 2014) 99.

*Athleta, Inc. v. Pitbull Clothing Co., Inc.*<sup>12</sup>, the federal district court, said that “both parties sell fitness and athletic focused clothing for women,” “foundational similarity” was sufficient for the second factor to favor the plaintiff.

### 2.3. Type of Goods and the Degree of Consumer’s Care

The Court concludes that divergent prices of products and services weight against finding likelihood of confusion, because the consumer does use more care and rely less on the brand’s name. In determining whether there is care of the consumer, the Ninth Circuit considers that when goods are expensive, it is “assumed that buyers will exercise greater care in their purchases. Unlike purchasers of expensive goods—whom we expect to be more discerning and less easily confused, purchasers of inexpensive goods “are likely to exercise less care, thus making confusion more likely<sup>13</sup>. If there are high quality goods or services the court has found that it is also important because “the hallmark of a trademark owner’s interest in preventing use of his mark on related goods is the threat such use poses to the reputation of his own goods”<sup>14</sup>. In *Slickraft*, when buying an expensive boat the buyer can be expected to exercise greater care in his purchases. On the other hand in the *Gallo* case, products and services were inexpensive so that consumers tend to exercise less care when purchasing their lower cost items of “wine and cheese”, and thus consumer rely more on brand names. Similarly, POM beverages cost between \$1.99 and \$2.49, therefore the consumer is expected to exercise a lower care. In those cases alike *Athleta*, the court found that the parties’ goods are “not so divergent” in price so that costumers exercise sufficient care in making their purchase. Finally in between those degrees of cares there is the case of *Entrepreneur* where divergent prices such as the news stand magazine at \$3,95 compare to the \$10,000 year subscription from an “small business owners seeking public relations services, advertisers and media entities will make them exercise a moderate degree of care.” EntrepreneurPR’s services were expensive and media entities a moderately sophisticated class of media consumers;”<sup>15</sup>.

### 2.4. Similarity of the protected mark and the allegedly infringing mark

In determining whether or not goods are similar, the Ninth Circuit considers that “this factor is always important in determining whether a likelihood of confusion exists because when “marks are entirely dissimilar, there is no likelihood of confusion”<sup>16</sup>. In doing this determination, “the marks must be considered in their entirety and as they appear in the

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<sup>12</sup> 2013 WL 142877 (C.D. Cal. 2013).

<sup>13</sup> *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979).

<sup>14</sup> *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979).

<sup>15</sup> *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135 (9th Cir. 2002).

<sup>16</sup> *Pom Wonderful LLC v. Hubbard*, 775 F.3d 1118 (9th Cir. 2014).

marketplace;” (2) “similarity is adjudged in terms of appearance, sound, and meaning;” and (3) “similarities are weighed more heavily than differences<sup>17</sup>. In addition, where the parties offer competing goods, a lower level of similarity will suffice to support a finding of a likelihood of confusion. It should be taking in to account however, the focus is confusion with respect to the source of a product or service<sup>18</sup>, as generally refer within the industry<sup>19</sup>. Finally the gradual encroachment onto plaintiff’s protected marks could greatly increase the similarity of the marks as they are encountered in the marketplace for consumers<sup>20</sup>. For instance, in *Athleta* case the Court found that lettering of the marks differs only by inclusion of the “ic” in defendants’ mark, and the “c” is partially obscured by the three-petal leaf design that defendants have adopted. “This leaf design shares minimal elements of plaintiff’s pinwheel design, including the use of a purple color with petal-shapes anchored by the center. Even viewing these marks in isolation, the marks bear significant similar.” In contrast, in the *Groupon* case, despite the similarity in the spelling of the two words, the Court finds that the marks, when viewed in their entirety and as they appear in the marketplace, are dissimilar. The Court refers, “Groupon regularly presents its mark in two colors, with the “group” in black and the “ion” in green. All of the letters are outlined in white and the mark is on a grey background. The mark is frequently followed by the tag line “Business Groupware and CRM for the Cloud”. In contrast, Groupon’s mark is typically all capitalized, all of the letters are in the same white color, the letters are in a thicker font, and the word appears on a black background. Moreover, *Groupon* does not display other marks or words with its mark. Additionally is a three-syllable word, while *Groupon* is a two syllable one. However, they were created by different words and, thus, imply different meanings. Nevertheless, there was no “confusion on the source”. It is important the *Gallo* case because independently of wine and cheese origin in different factories, it is really marketed within the winery industry as one product, the winery industry is connected to the mark as the source of the cheese and wine.

## 2.5. Marketing channel convergence

Whether the marks in dispute do overlap or not in their market channels is the issue under scrutiny by the Ninth Circuit in examining this factor. This factor is concerned with “where, how and to whom the parties products are sold” but also include the advertising, the existence of direct competition and retail distribution<sup>21</sup>. Marketing channels can converge even when different sub- markets are involved so long as “the general class of purchasers exposed to the products overlap<sup>22</sup>. Interestingly, neither of these factors merits little weight given the broad

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<sup>17</sup> *Groupon, LLC v. Groupon, Inc.*, 859 F.Supp.2d 1067 (N.D. Cal. 2012).

<sup>18</sup> *Groupon, LLC v. Groupon, Inc.*

<sup>19</sup> *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280 (9th Cir. 2002).

<sup>20</sup> *Athleta, Inc. v. Pitbull Clothing Co., Inc.*, 2013 WL 142877 (C.D. Cal. 2013).

<sup>21</sup> *Athleta, Inc. v. Pitbull Clothing Co., Inc.*, 2013 WL 142877 (C.D. Cal. 2013).

<sup>22</sup> *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979).

use of the internet today<sup>23</sup>, nor its limited the marketing to the same stores or agents<sup>24</sup>. Finally, if they are in the same market they should be “essentially interchangeable, inexpensive and disposable”<sup>25</sup>. Setting the example for modern technology use to the fail to submit any evidence of overlapping was ruled when “*Groupon* did not participate in these events and has not participated in any tradeshows for the business software industry. Moreover, *Groupon* engages in substantial television, radio, and billboard advertising. *Groupon* does not”. In finding overlapping of marketing channels, in *Pom* was find out that, first, both companies sell their products in supermarkets located throughout the wide national level, both companies marketed to health conscious consumers and overlap channels of marketing regardless broader range of outlets. In *Entrepreneur*, it was explained that the use of the internet does not, by itself, mean overlapping because “the proper inquiries are 1) whether both parties use the web as a substantial marketing and advertising channel, 2) Whether the marks are utilize in conjunction with web based products and 3) whether the channels overlap in any other way. In this same case where there was non-pertinent use of the we, it was found that the magazine marketing was targeting horizontally and upstream as business seeking public relationships rather than as simply individual readers downstream. Additionally, in *entrepreneur* the publication did not compete for subscribers, newsstand purchasers or advertisements because entrepreneur illustrated is not for sale and does not feature paid advertisement. When it was that pomegranate juice was in the same market notwithstanding they were in different stores, it was found that products converge within the same market.

## 2.6 Evidence of Actual Consumer Confusion

In determining whether or not actual confusion was proved, the Ninth Circuit prays that the Evidence of actual confusion is relevant to the issue of likelihood of confusion, but the absence of such evidence need not create an inference that there is no likelihood of confusion. The Ninth Circuit has stated that surveys in trademark cases are to be admitted as long as they are conducted according to accepted principles<sup>26</sup>. “Evidence of actual confusion is strong evidence that future confusion is likely”. A reasonable juror may, however, find actual confusion unpersuasive as to the ultimate issue of likelihood of confusion<sup>27</sup>. In the *Entrepreneur* case, because of the descriptive nature of EMI’s mark, consumers in encountering marks using the same term, do *not* necessarily assume a connection with *Entrepreneur* but instead try “to carefully pick out one from the other. Credibility of the witnesses on evidence such as that presented here is not a matter appropriate on summary judgment. To constitute trademark infringement, use of a mark must be likely to confuse an *appreciable* number of people as to the

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<sup>23</sup> *Groupon, LLC v. Groupon, Inc.*, 859 F.Supp.2d 1067 (N.D. Cal. 2012).

<sup>24</sup> *Pom Wonderful LLC v. Hubbard*, 775 F.3d 1118 (9th Cir. 2014).

<sup>25</sup> *Pom Wonderful LLC v. Hubbard*, 775 F.3d 1118 (9th Cir. 2014).

<sup>26</sup> *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280 (9th Cir. 2002).

<sup>27</sup> *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135 (9th Cir. 2002).

source of the product. In *Gallo*, it was stated that actual confusion was at least 40% nationally and at least 47% in California. The Field Survey consisted of interviews with nearly 3500 adult shoppers in 35 different shopping malls throughout the United States. The interviewees were shown photographs of Joseph's cheese label, and asked a series of questions, three of which related to confusion. The responses were coded improperly but still admissible and weighted those technical unreliability<sup>28</sup>.

## 2.7. Defendant's intent in selecting the allegedly infringing mark

When the alleged infringer knowingly adopts a trademark similar to another's, reviewing courts presume that the defendant can accomplish his purpose, which is that the public will be deceived; the point is not that an intent to confuse is relevant as some measure of culpability, but rather than the alleged infringer's judgment as to what is likely to be confusing is relevant because it may well be accurate<sup>29</sup>. Evidence of the defendant's intent to confuse customers or of product expansion is not required for a finding of likelihood of confusion<sup>30</sup>. The absence of any proof regarding actual confusion, the defendant's intent, and the product expansion does not affect our likelihood of confusion analysis<sup>31</sup>. For example, the Court in *Gallo* explained that it is reluctant to preclude an individual's business use of his own name when no attempt to confuse the public has been made but not until the point that he knew "that the Winery would object to his use of the Gallo name and that he intended to capitalize on its reputation and selling power". On the other hand in *Slickafi* case there was no evidence that defendant knew and tried to pal off the plaintiff, furthermore when he realized he tried to change the appearance, but never mind there was the case of an infringement.

## 2.8. Likelihood of Product Expansion

Inasmuch as a trademark owner is afforded greater protection against competing goods, a "strong possibility" that either party may expand his business to compete with the other will weigh in favor of finding that the present use is infringing<sup>32</sup>. When goods are closely related, any expansion is likely to result in direct competition. Similarly, evidence of the defendant's intent to confuse customers or of product expansion is not required for a finding of likelihood of confusion<sup>33</sup>.

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<sup>28</sup> *Athleta, Inc. v. Pitbull Clothing Co., Inc.*, 2013 WL 142877 (C.D. Cal. 2013).

<sup>29</sup> Lanham Trade-Mark Act, § 43(a)(1), 15 U.S.C.A. § 1125(a)(1), also cited in *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135 (9th Cir. 2002).

<sup>30</sup> *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135 (9th Cir. 2002).

<sup>31</sup> *Pom Wonderful LLC v. Hubbard*, 775 F.3d 1118 (9th Cir. 2014).

<sup>32</sup> *Restatement of Torts § 731(b) & Comment c. AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979).

<sup>33</sup> *Pom Wonderful LLC v. Hubbard*, 775 F.3d 1118 (9th Cir. 2014).

In *POM* case, *the* absence of any proof regarding actual confusion, the defendant's intent, and product expansion does not affect the likelihood of confusion analysis. Pom Wonderful's lack of evidence with respect to these factors neither undermined nor advanced its ability to prove likelihood of confusion. Furthermore, the evidence of the foundational premises in *Slickcraft* case shows that both parties were diversifying their model lines of boats. The potential that one or both of the parties will enter the other's submarket with a competing model was strong<sup>34</sup>. In *Gallo* it was found that the expanding to the cheese retail market by defendant was the relevant fact rather than plaintiff moving to the whole sale market. And in the same regard, in *Gruopion* case was hold that a juror could not find that a business which needs comprehensive customer management software would turn to Groupon because what is relevant is the substance of the two companies' respective products and services, not the characterizations or labels offered by the parties regarding the products and services.

### 3. The Andean Tribunal Confusable Marks Approach

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Initially the protection of "confusable" marks in the Andean Tribunal is restricted in to those products written in the application form of registration according to the Niza categorization<sup>35</sup>. Nevertheless, whether judicial and administrative controls are exercise within the boundaries of the *ius prohibendi* would depend on what it is extracted from the idea of a "confusable good" within the clearing house of the due process and fair trail. The confusable goods are those, which conform to three essential factors. The factors, which describe a confusable good, are relatedness, similarity and distinctiveness. Finally there is an additional layer of protection by showing that there is "market coexistence"<sup>36</sup>.

Moving to the Andean does not make it California but a parallel in the analysis of the eight factors could be made, despite conflicting statements arise. Let's say we have eight Californian factors that would fill within those three different layers of the Andean Community. First, it might be a derail from "strict distinctiveness" towards the second consideration of the layer of confusable goods which might increase the relevance of "relatedness". Who knows what would happen because simply a strong mark with full protection is granted by the fact of clear matching with the registration of goods. Just secondly, confusable goods protection is abrogated to the relatedness, similarity and distinctiveness. Finally, as an additional but not essential factor, it would be render protection when market coexistence is exhibit.

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<sup>34</sup> *AMF Inc. v. Slickcraft Boats*, 599 F.2d 341 (9th Cir. 1979).

<sup>35</sup> Tribunal de Justicia de la Comunidad Andina, Proceso 10-IP-94.

<sup>36</sup> Tribunal de Justicia Andina, Proceso No. 12-IP-96.



In conclusion, the interpretation given to the term “market coexistence” is crucial when determining the level of protection within the Andean Community to similar, related and distinctive registered marks. For instance, if taking “coexistence” as meaning an “overlapping” market, when there is the case of not having enough distinctiveness because it is considered a weak mark, then overlapping would determine if there is infringement to those segments of the overlapping market. If there is not enough relatedness because of non-competitors or not enough similarity in their entirety, then only the proof of overlapping will ascertain protection. Following that same logic, the infringement would be allocated when there is not entire similarity. Nonetheless, the Andean Decision 486 article 186 literal h) and 226 literal a), b) and c) gives several objectives that were used to interpret the term “market coexistence” broadly<sup>37</sup>. In the recent interpretation the Tribunal indirectly states that any “market coexistence” should avoid, confusion, association, dilution and parasite risks. The assessment of those risk open a window to ensure protection of not completely confusable goods just by adding proof of any of the other 8 factors mentioned in California. This is which appears to be an exclusion to challenges against the likelihood of confusion for *fair use* allegations. In conclusion, there is a high burden for plaintiff in the Andean community but it would be grant a higher range of protection without restrictions. It could be that following the last interpretation, the plaintiff must prove distinctiveness, similarity and relatedness, but also exclude any fair use just by proving the risk of parasite, association, confusion and dilution of the market.

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<sup>37</sup> Tribunal Andino 109- IP-2012.