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## Trademarks for the Cure: Why Nonprofits Need Their Own Set of Trademark Rules

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# TRADEMARKS FOR THE CURE: WHY NONPROFITS NEED THEIR OWN SET OF TRADEMARK RULES

**Abstract:** When the Lanham Trademark Act was originally drafted in 1946, it is unlikely that Congress contemplated that trademarks would be used not only by commercial businesses but also by large nonprofits with a national reach. Today, several nonprofits have grown into highly recognizable brands that wish to protect their valuable trademarks, both to ensure that donations reach their intended recipients and to preserve their good reputation in the eyes of the public. Nonprofit charities, though, undoubtedly have very different goals than for-profit enterprises and yet they are subject to the exact same set of trademark laws. This Note argues that, in light of the fundamental differences between commercial businesses and charitable organizations, amendments to the Lanham Trademark Act are necessary. By carving out special rules for nonprofits within the Lanham Act, these charitable entities will receive the trademark protection they need and can focus on their charitable endeavors.

## INTRODUCTION

Trademark turf wars between profitable corporations make up a great deal of intellectual property litigation.<sup>1</sup> Recently, Apple filed a suit to enjoin Amazon from using the trademarked “Appstore” as part of the new Kindle Fire hardware.<sup>2</sup> It is highly unlikely that Apple will face criticism for filing this action, as it is expected that a highly visible, hugely profitable entity like Apple would vigorously and zealously guard its

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<sup>1</sup> Kenneth L. Port, *Trademark Extortion: The End of Trademark Law*, 65 WASH & LEE L. REV. 585, 589 (2008) (discussing the rising number of cease and desist letters sent and trademark infringement actions filed by U.S. companies). In 2010, there was an eight percent increase in the number of trademark cases filed in U.S. courts. Parija Kavilanz, *Trademark Wars Heat Up*, CNNMoney (Dec. 1, 2011), <http://money.cnn.com/2011/12/01/smallbusiness/trademark/index.htm>.

<sup>2</sup> Suzanne Choney, *Kindle Fire Added to Apple App Store Suit Against Amazon*, NBC NEWS.COM, (Nov. 18, 2011), <http://www.nbcnews.com/technology/technolog/kindle-fire-added-apple-app-store-suit-against-amazon-118976>.

brand.<sup>3</sup> Yet, when well-known charitable organizations take similarly aggressive action, public response is often notably different.<sup>4</sup>

In late 2010, the world's leading breast cancer charity, Susan G. Komen for the Cure ("Komen"), found itself harshly judged in the court of public opinion when national media outlets ran a story that Komen had sent letters to a number of much smaller charities demanding that they not use the phrase "for the cure" in their fundraising efforts.<sup>5</sup> Long-time Komen supporter and comedian Stephen Colbert lampooned the organization's legal maneuvering on his show and many donors expressed their disapproval on Komen's social media sites.<sup>6</sup> Other large, well-known nonprofits, including the Wounded Warriors Project and the University of Notre Dame, have also been criticized for using trademark litigation to aggressively protect their brand.<sup>7</sup>

Often, these disputes over nonprofit trademarks are settled out of court because organizations either do not have the resources to wage lengthy legal battles or do not wish to divert resources away from their philanthropic objectives.<sup>8</sup> As a result, there is relatively little guidance from courts for addressing infringement cases when the parties are not commercial businesses.<sup>9</sup>

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<sup>3</sup> See Dan Pallotta, *Is It Wrong to Sue a Charity?*, HARV. BUS. REV. BLOG NETWORK (Sep. 29, 2010, 2:11 PM), <http://blogs.hbr.org/pallotta/2010/09/is-it-wrong-to-sue-a-charity.html>.

<sup>4</sup> See Clifford M. Marks, *Charity Brawl: Nonprofits Aren't So Generous When a Name's at Stake*, WALL ST. J., Aug. 5, 2010, at A1; Steve Spalding, *Group's Toucan Logo Ruffles Kellogg's Feathers*, DETROIT FREE PRESS, Aug. 23, 2011, at C1 (criticizing the Kellogg Company's decision to pursue legal action against an educational nonprofit's use of a toucan, that it believed was too similar to the Fruit Loops toucan for its logo); Pallotta, *supra* note 3.

<sup>5</sup> See Marks, *supra* note 4; Laura Bassett, *Susan G. Komen Foundation Elbows Out Other Charities over Use of the Word 'Cure'*, HUFFINGTON POST (Dec. 7, 2010, 12:41 PM), [http://www.huffingtonpost.com/2010/12/07/komen-foundation-charities-cure\\_n\\_793176.html](http://www.huffingtonpost.com/2010/12/07/komen-foundation-charities-cure_n_793176.html).

<sup>6</sup> Clare Howard, *Komen Defends Its 'For the Cure' Trademark Protection*, PEORIA J. STAR, Jan. 25, 2011, <http://www.pjstar.com/news/x448583826/Komen-defends-its-for-the-cure-trademark-protection; The Colbert Report> (Comedy Central television broadcast Jan. 3, 2011), available at <http://www.colbertnation.com/the-colbert-report-videos/369693/january-03-2011/tip-wag-susan-g-komen-foundation-spider-man-musial?>

<sup>7</sup> Jeremy Shapiro, *Don't Cheer for Old Notre Dame*, EMPORIA GAZETTE, Oct. 25, 2011, [http://www.emporiamagazine.com/opinion/editorials/article\\_489b1897-0676-583b-ac68-84b869b0e2ea.html?\\_dc=211362552829.0868](http://www.emporiamagazine.com/opinion/editorials/article_489b1897-0676-583b-ac68-84b869b0e2ea.html?_dc=211362552829.0868); Bruce D. Collins, *Lawsuits Between Nonprofits Harm All*, INSIDE COUNSEL (Mar. 1, 2011), <http://www.insidecounsel.com/2011/03/01/lawsuits-between-nonprofits-harm-all>.

<sup>8</sup> See Christopher T. Ward, *Who's Afraid of the Big, Friendly Nonprofit? Saber Rattling and the Sad State of Affairs for Small Charitable Nonprofits and Trademark Law*, 11 WAKE FOREST INTELL. PROP. L.J. 295, 297 (2011) (noting that many nonprofit trademark actions are settled before trial); Marks, *supra* note 4.

<sup>9</sup> See Ward, *supra* note 8, at 297.

Given the fundamental differences between nonprofit organizations and for-profit commercial enterprises, it seems reasonable that the law might provide a different set of trademark rules for charitable groups and perhaps provide even greater protection for the marks of well-known nonprofits that work to serve a substantial number of people.<sup>10</sup> After all, federal tax law provides charitable groups with tax-exempt status because a nonprofit's earnings all go into the organization and do not benefit private shareholders.<sup>11</sup>

Unfortunately for nonprofits with trademarks, the Lanham Trademark Act ("Lanham Act" or "Act"), the federal statutory scheme that outlines the trademark registration process and provides protection from infringement, offers no special protection for nonprofits.<sup>12</sup> In fact, based on the plain language of the statute, nonprofits may actually be barred from bringing claims for dilution, which is one of the most common infringement problems.<sup>13</sup> Further, the 2004 U.S. Supreme Court ruling in *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.* now permits a defendant to prevail even where there is some confusion between two trademarks.<sup>14</sup> In the nonprofit world, this holding essentially could allow the concurrent use of similar trademarks despite the potential for donor confusion that could lead to funds ending up with an unintended recipient.<sup>15</sup>

This Note argues that although there is not much case law or statutory law applying specifically to nonprofit trademark litigation, the time is ripe for an amendment to the Lanham Act that lays out specific protections for nonprofits and their trademarks.<sup>16</sup> Komen, a global organization with a reach and media presence that could not have been imagined when the Lanham Act was enacted in 1946, relies largely on its recognizable brand to continue carrying out its mission.<sup>17</sup> By aggressively protecting its brand, Komen avoids donor confusion and is able to maintain its reputation and continue its work as the world's leading

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<sup>10</sup> See *infra* notes 178–186 and accompanying text.

<sup>11</sup> See 26 U.S.C. § 501(c)(3) (2006). An organization shall be exempt from taxation provided that "no part of [its] net earnings inure to the benefit of any private shareholder or individual." *Id.*

<sup>12</sup> See *infra* notes 90–95, 110–112 and accompanying text.

<sup>13</sup> See 15 U.S.C. § 1125(c) (2006); *infra* notes 101–106 and accompanying text.

<sup>14</sup> See *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 121, 124 (2004); Ward, *supra* note 8, at 308 (explaining how the *KP Make-Up* holding affects nonprofit trademark cases).

<sup>15</sup> See *KP Make-Up*, 543 U.S. at 124; *infra* notes 83–92 and accompanying text.

<sup>16</sup> See *infra* notes 168–218 and accompanying text.

<sup>17</sup> See Press Release, Susan G. Komen for the Cure, For the Cure (Jan. 25, 2011), <http://blog.komen.org/?p=277>.

organization for breast cancer research and fundraising.<sup>18</sup> Thus, large nonprofits have the same strong interest in protecting their brands as for-profit companies—and perhaps an even greater one—because the work of these organizations affects the greater public as both potential donors and recipients.<sup>19</sup>

Part I of this Note provides a brief overview of the general principles and objectives of trademark law.<sup>20</sup> Part II first explores how an organization's charitable involvement affects the trademark analysis and then examines recent actions involving charitable entities.<sup>21</sup> Lastly, Part III explains why charitable trademarks are deserving of enhanced protection, and proposes changes to the Lanham Act and the trademark application process that apply specifically to nonprofits.<sup>22</sup>

## I. TRADEMARK RIGHTS IN AMERICAN LAW

The idea of protecting marks that identify the source of goods or services is well established in the law.<sup>23</sup> Currently, in the United States, trademark holders may only use the mark in connection with a specified organization, good, or service, but may control the mark for as

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<sup>18</sup> See *id.* Komen released a statement on its website explaining,

If we've been perhaps a bit overzealous in protecting our name, it's because we feel a huge responsibility to our family of volunteers and donors and all of those who are helped by our mission to discover and deliver the cures for breast cancer.

....

It would be a disservice to all those who put their trust in us if we did not take responsible steps to protect our name. We believe it is critical for people to understand where their donations are going, and we feel an obligation to our donors to make that as clear as possible. The millions of people who either support us or benefit from our programs know and trust our name – Susan G. Komen for the Cure. We want them to continue to feel confident that their money is being used to fight and treat breast cancer and to fund the best scientific research.

*Id.*

<sup>19</sup> See *infra* notes 178–186 and accompanying text.

<sup>20</sup> See *infra* notes 23–109 and accompanying text.

<sup>21</sup> See *infra* notes 110–167 and accompanying text.

<sup>22</sup> See *infra* notes 168–218 and accompanying text.

<sup>23</sup> Port, *supra* note 1, at 595. English courts allowed producers of goods to protect identifying marks as early as the seventeenth century. *Id.* Please note that the terms mark and trademark are used interchangeably both by courts and in scholarship. *Id.*; see, e.g., *KP Make-Up*, 543 U.S. at 117–18; *Deborah Heart & Lung Ctr. v. Children of the World Found., Ltd.*, 99 F. Supp. 2d 481, 489–91 (D.N.J. 2000); J. THOMAS MCCARTHY, *MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION* § 2:14 (4th ed. 2012).

long as they are using it, which makes trademark rights particularly powerful.<sup>24</sup>

This Part explains both the principles behind trademark law and how the Lanham Act protects source-identifying marks.<sup>25</sup> Section A discusses the overarching purpose of trademark law and the protections it provides and details the Lanham Act's legislative history.<sup>26</sup> Section B explains the registration process for trademarks under the Lanham Act.<sup>27</sup> Finally, Section C describes how trademark holders assert their rights and the claims they may raise in infringement actions.<sup>28</sup>

### A. *The Principles and Purposes of Trademark Law and the Lanham Act*

In order to protect consumers and trademark holders throughout the United States, Congress enacted the Lanham Act in 1946.<sup>29</sup> The Act established a federal trademark registration system and provided uniform protections to trademark holders.<sup>30</sup> Prior to the Lanham Act, trademark law was a mix of state common law and federal statutes, which led to inconsistent judicial decisions about the rights of trademark holders.<sup>31</sup> These inconsistent decisions, combined with the increasing nationalization of the U.S. economy, led Congress to determine that state common law did not provide producers and consumers with adequate, uniform protection of their marks.<sup>32</sup> The Act adopted most common law elements of trademark protection but also broad-

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<sup>24</sup> See *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412 (1916) (stating that trademark rights are limited to source-identifying uses in conjunction with a product or service); McCARTHY, *supra* note 23, §§ 3:1, 17:9 (stating that trademark rights stem from the continued use of the mark in the public).

<sup>25</sup> See *infra* notes 29–109 and accompanying text.

<sup>26</sup> See *infra* notes 29–47 and accompanying text.

<sup>27</sup> See *infra* notes 48–68 and accompanying text.

<sup>28</sup> See *infra* notes 69–109 and accompanying text.

<sup>29</sup> Trademark Act of 1946 (Lanham Act), ch. 540, 60 Stat. 427 (codified as amended in scattered sections of 15 U.S.C.); McCARTHY, *supra* note 23, § 5.4 (discussing the efforts to pass a comprehensive federal trademark statute that culminated in the passage of the Lanham Act in 1946).

<sup>30</sup> See McCARTHY, *supra* note 23, § 5.4 (discussing the Senate Committee on Patents' argument that a new comprehensive federal law was necessary to ensure efficient and uniform resolutions of trademark cases throughout the nation).

<sup>31</sup> See *id.*

<sup>32</sup> See *id.* (noting that Congress sought to place substantive trademark law into one uniform statute to combat growing concerns over fraud and misrepresentation of goods to consumers and the misallocation of goodwill to incorrect producers and organizations).

ened trademark protection by adding a constructive notice rule that significantly expanded the geographic scope of trademark rights.<sup>33</sup>

Trademark law aims to protect the general public from confusion about the origin of goods and services in the market.<sup>34</sup> Consumers (or donors, in the case of a nonprofit organization) closely associate a strong mark with the trademark holder's product or organization.<sup>35</sup> The mark allows for a quick identification, which prevents confusion, mistake, and deception about the entity behind the mark and signals any positive public connotations associated with the mark.<sup>36</sup> When a person sees a trademark, it allows them to identify the source of the product and to quickly distinguish it from others.<sup>37</sup> Thus, the trademark provides an assurance of consistent quality and reduces an individual's search costs.<sup>38</sup>

Furthermore, trademark law protects the investment and effort of the trademark holder.<sup>39</sup> Sellers and organizations expend considerable time and resources building their brands and developing the goodwill of the public.<sup>40</sup> Expending money to maintain and improve a product's

<sup>33</sup> See Lanham Act, 15 U.S.C. §§ 1051–1141 (2006); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 19(e) (1995) (clarifying the purpose behind the passing of the Lanham Act and noting the innovation of the 1946 Act). The Lanham Act's federal registration system fosters a policy of national trademark protection "by limiting instances of territorial fragmentation and concurrent rights." RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 19(e). Moreover, a later amendment to the Lanham Act expanded the geographic scope of priority for registered marks through the concept of "constructive use." 15 U.S.C. § 1057(c). Section 1057(c), provides that, contingent upon ultimate registration, the filing of an application for registration on the principal register constitutes "constructive use of the mark, conferring a right of priority, nationwide in effect," against others who have not previously used the mark or filed an application for its registration. *Id.* Registering a trademark is "thus equivalent to nationwide use." RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 19(e).

<sup>34</sup> See MCCARTHY, *supra* note 23, § 2:2 (discussing the purpose of trademark protection and the effect of the Federal Trademark Act of 1946).

<sup>35</sup> See *Children of the World Found.*, 99 F. Supp. 2d at 490; MARY LaFRANCE, UNDERSTANDING TRADEMARK LAW § 2.04 (2d ed. 2009).

<sup>36</sup> *Platinum Home Mortg. Corp. v. Platinum Fin. Grp.*, 149 F.3d 722, 726 (7th Cir. 1998); ROSEMARY J. COOMBE, THE CULTURAL LIFE OF INTELLECTUAL PROPERTIES: AUTHORSHIP, APPROPRIATION, AND THE LAW 60 (1998).

<sup>37</sup> See COOMBE, *supra* note 36, at 60.

<sup>38</sup> *Id.*, see also William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 270 (1987) (discussing how trademarks reduce individuals' information search costs).

<sup>39</sup> See Noah D. Bleicher, *Trademarking Tragedy: The Fight for Exclusive Rights to "Let's Roll,"* 52 EMORY L.J. 1850, 1851 (2003).

<sup>40</sup> See COOMBE, *supra* note 36, at 61 ("The trademark owner is viewed as a quasi-author who creates a particular set of meanings attached to a mark by investing time, labor, and money, thereby justifying expansive rights in a mark.") (citing Keith Aoki, *Authors, Inventors, and Trademark Owners: Private and Intellectual Property and the Public Domain*, 18 COLUM.-VLA J.L. & ARTS 191, 235(1994)).

quality thereby increases the value of the trademark.<sup>41</sup> Trademark rights protect this effort by preventing other companies or organizations from capitalizing on the recognition and goodwill that another's mark has earned.<sup>42</sup>

The Lanham Act defines a trademark as, "any word, name, symbol, or device, or any combination thereof" that is used by the holder of the mark to distinguish the holder's organization or goods in the marketplace.<sup>43</sup> Both the courts and the U.S. Patent and Trademark Office have interpreted this language broadly and granted trademark protections not only to images and names, but also to colors, sounds, and even scents.<sup>44</sup>

Although the original purpose of the Act was to protect both consumers and sellers from misrepresentation and fraud in the marketplace, the Act ultimately created a strong policy favoring trademark holders by establishing a cause of action for trademark infringement.<sup>45</sup> Section 1125 of the Lanham Act explicitly states that infringers "shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such [infringing] act," thereby providing trademark holders with a federal cause of action.<sup>46</sup> In interpreting the Lanham Act, the U.S. Supreme Court has recognized that trademarks

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<sup>41</sup> See *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985) (noting that trademarks foster competition and the maintenance of quality by securing to the holder the benefits of good reputation); Landes & Posner, *supra* note 38, at 270.

<sup>42</sup> See *Park 'N Fly*, 469 U.S. at 198; Landes & Posner, *supra* note 38, at 269.

<sup>43</sup> 15 U.S.C. § 1127 (2006).

<sup>44</sup> See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 166 (1995) (upholding the trademark of a specific shade combination of green-gold for dry cleaner pads); *In re Clarke*, 17 U.S.P.Q.2d (BNA) 1238, 1240 (T.T.A.B. 1990) (affirming trademark protection for a plumeria scent for sewing threads).

<sup>45</sup> See 15 U.S.C. §§ 1114, 1125 (outlining the circumstances under which a trademark holder may bring an infringement claim); MCCARTHY, *supra* note 23, § 5:4 (noting congressional concern over protecting both the public and producers of goods from misrepresentations in the marketplace).

<sup>46</sup> See 15 U.S.C. § 1125(a). The statute states, in pertinent part:

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.



must be protected because they (1) help consumers identify specific goods, services or organizations; (2) guarantee a certain standard of quality of the product related to a particular trademark; and (3) provide useful tools for advertising and sales, where the trademark is associated with a widely known product or organization.<sup>47</sup>

### B. Registering Trademark Rights Under the Lanham Act

The federal trademark registration process, as laid out in § 1051 of the Lanham Act, provides the best option for national nonprofits like Komen.<sup>48</sup> Federal registration makes the most sense for large, far-reaching nonprofits because it extends a trademark holder's exclusive rights throughout the United States.<sup>49</sup> Further, a federally registered trademark serves as clear proof of the holder's exclusive right to use the trademark across the entire United States, thus making the mark far easier to protect.<sup>50</sup> Additionally, a federally registered mark provides constructive notice to any would-be infringers across the country because trademark registrations are accessible to the public.<sup>51</sup> It is important to note, though, that no registration is required to establish trademark rights if a mark is capable of identifying its source to the public.<sup>52</sup>

The ease of establishing protection and the ultimate strength of the trademark are tied to the mark's distinctiveness.<sup>53</sup> The strength of a mark is a key factor for many courts in analyzing confusion causes of

<sup>47</sup> See *Qualitex*, 514 U.S. at 163–64; *Park 'N Fly*, 469 U.S. at 198.

<sup>48</sup> See 15 U.S.C. § 1051.

<sup>49</sup> See 15 U.S.C. § 1115(a) (“Any registration . . . of a mark registered on the [federal] register provided by this chapter . . . shall be prima facie evidence of . . . the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark . . . .”); LAFRANCE, *supra* note 35, § 1.08.

<sup>50</sup> See LAFRANCE, *supra* note 35, § 1.08; see also John Grady & Steve McKelvey, *Trademark Protection of School Colors: Colorful Legal Debate for the Collegiate Licensing Industry*, 18 J. LEGAL ASPECTS SPORT 207, 211 (2008). Courts have found that registration of a trademark creates a presumption that the mark is valid and therefore protected. See, e.g., *Tie Tech, Inc. v. Kinedyne Corp.*, 296 F.3d 778, 783 (9th Cir. 2002); *Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc.*, 192 F.3d 337, 345 (2d Cir. 1999).

<sup>51</sup> See 15 U.S.C. § 1062(a) (describing the publication process for registered trademarks).

<sup>52</sup> See LAFRANCE, *supra* note 35, § 2.17 (noting that § 1125 of the Lanham Act does not impose a registration requirement in order to establish protection from confusion or dilution).

<sup>53</sup> See Mark McKenna, *Teaching Intellectual Property Law: Teaching Trademark Theory Through the Lens of Distinctiveness*, 52 ST. LOUIS L.J. 843, 847–48 (2008); see also Randall L. Newsom, Note, *Cease and Desist: Finding an Equitable Solution in Trademark Disputes Between High Schools and Colleges*, 52 B.C. L. REV. 1833, 1840–41 (2011) (discussing how the distinctiveness of a mark relates to its protection under trademark law).

action under § 1125(a).<sup>54</sup> To assess a trademark's distinctiveness, courts have classified trademarks into four categories: arbitrary and fanciful, suggestive, descriptive, and generic.<sup>55</sup>

Trademarks that come under the umbrella of the first two categories are considered intrinsically distinctive and therefore, they can be registered without showing any secondary meaning in relation to their sources.<sup>56</sup> Fanciful marks have been completely fabricated by the mark holders and have no dictionary meaning, such as "Clorox" for bleach or "Xerox," for copying equipment.<sup>57</sup> Arbitrary marks, by contrast, are commonly used words that in no way describe the goods or services to which they are attached.<sup>58</sup> For example, the term "Apple" is an arbitrary mark for computer products but would be generic for the fruit and other products using apples as an ingredient.<sup>59</sup>

Although less strong than arbitrary or fanciful marks, suggestive marks are also considered inherently distinctive as they convey only an indirect impression of the goods or services to which they are attached.<sup>60</sup> These marks thus require the consumer to use "imagination, thought and perception" to determine the source behind the mark.<sup>61</sup> Examples of marks that courts have determined to be suggestive include "Citibank" for banking services and "Wite-Out" for correction fluid.<sup>62</sup>

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<sup>54</sup> See *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding Co.*, 696 F.3d 206, 216–17, 225–26 (2d Cir. 2012); *Sullivan v. CBS Corp.*, 385 F.3d 772, 775–76 (7th Cir. 2004); *Scott Fetzer Co. v. House of Vacuums, Inc.*, 381 F.3d 477, 485 (5th Cir. 2004); *Dieter v. B & H Indus.*, 880 F.2d 322, 326 (11th Cir. 1989); *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979); *Polaroid Corp. v. Polarad Elecs. Co.*, 287 F.2d 492, 495 (2d Cir. 1961); see also *LAFRANCE*, *supra* note 35, § 3.02 (noting that the strength of a mark is a "universally recognized" factor in a confusion claim analysis).

<sup>55</sup> See *Abercrombie & Fitch Co. v. Hunting Co.*, 537 F.2d 4, 9–11 (2d Cir. 1976) (discussing the differences between the four categories of four trademarks and holding that the word "safari" could fit into more than one category depending on what type of product was being described); *McKenna*, *supra* note 53, at 848.

<sup>56</sup> See *Abercrombie*, 537 F.3d at 11; *LAFRANCE*, *supra* note 35, § 2.07. The strongest marks are those that fall into the fanciful and arbitrary mark category. *LAFRANCE*, *supra* note 35, § 2.07.

<sup>57</sup> *LAFRANCE*, *supra* note 35, § 2.07; see *Kellogg Co. v. Toucan Golf, Inc.*, 337 F.3d 616, 624 (6th Cir. 2003) (citing examples of fanciful marks).

<sup>58</sup> See *McCARTHY*, *supra* note 23, § 11:11.

<sup>59</sup> See *LAFRANCE*, *supra* note 35, § 2.07.

<sup>60</sup> See *Blinded Veterans Ass'n v. Blinded Am. Veterans Found.*, 872 F.2d 1035, 1040 (D.C. Cir. 1989) (defining suggestive marks); *LAFRANCE*, *supra* note 35, § 2.07.

<sup>61</sup> *Blinded Veterans*, 872 F.2d at 1040.

<sup>62</sup> See *DeGidio v. West Grp. Corp.*, 355 F.3d 506, 510 (6th Cir. 2004); *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 465 (4th Cir. 1996).

Conversely, descriptive marks describe a quality, characteristic, or function of the attached product or service.<sup>63</sup> These marks only receive trademark protection if they have acquired a secondary meaning such that the public mentally connects the mark with a specific source.<sup>64</sup> Examples of descriptive marks include “Super Glue” for fast-drying glue and “Yellow Pages” for phone directories with yellow pages.<sup>65</sup>

Finally, generic terms and images are per se ineligible for trademark protection because they are overly general and therefore do not signify a particular source or organization to the public.<sup>66</sup> The test for genericness is “whether the public perceives the term primarily as the designation of the article.”<sup>67</sup> Formerly protected trademarks such as “aspirin,” “thermos,” and “trampoline” no longer receive trademark protection because the public uses these terms to describe the actual article to which the mark was attached instead of the entity behind the product.<sup>68</sup>

### C. Asserting Federal Trademark Rights

A trademark holder may bring an infringement claim for action that is likely to cause confusion or the dilution of his or her mark, or both.<sup>69</sup> Originally, trademark law only addressed infringing activity that was likely to cause confusion, but Congress amended the Lanham Act in 1996 to include a new cause of action, “dilution.”<sup>70</sup> This amendment was intended to protect trademark holders from unauthorized uses of their marks that could potentially diminish the value and strength of a mark’s reputation, even if there was no potential for confusion.<sup>71</sup>

This Section begins by discussing infringement claims for consumer confusion, and the factors courts use to assess the likelihood of

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<sup>63</sup> See *Blinded Veterans*, 872 F.2d at 1040; *Induct-O-Matic Corp. v. Inductotherm Corp.*, 747 F.2d 358, 362 (6th Cir. 1984).

<sup>64</sup> See *Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817, 820 (9th Cir. 1980) (noting that the most essential element of secondary meaning for a descriptive mark is the impression in a buyer’s mind).

<sup>65</sup> See *Sara Lee*, 81 F.3d at 464.

<sup>66</sup> *Abercrombie*, 537 F.2d at 9.

<sup>67</sup> *Blinded Veterans*, 872 F.2d at 1041.

<sup>68</sup> See *LaFrance*, *supra* note 35, § 2.07.

<sup>69</sup> See 15 U.S.C. § 1125 (a), (c) (2006).

<sup>70</sup> See Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, § 3(a), 109 Stat. 985, 986 (1996) (codified at 15 U.S.C. § 1125(c)); see also *LaFrance*, *supra* note 35, § 1.05 (discussing the 1996 amendment to the Lanham Act, which added dilution as another available trademark infringement claim).

<sup>71</sup> See *LaFrance*, *supra* note 35, § 1.05.

confusion.<sup>72</sup> It then explores the more recent dilution amendments, and how they broaden the scope of trademark protection.<sup>73</sup>

## 1. Confusion Claims

Because the federal trademark system was established to protect both consumers and trademark holders, § 1125(a) of the Lanham Act provides a cause of action for trademark holders against anyone who uses a trademark, without the holder's permission, in any way that is reasonably likely to cause confusion in the minds of consumers.<sup>74</sup> When considering a trademark infringement claim, courts use a two-step analysis: a plaintiff must first establish that they have a valid and enforceable trademark, and then must show that the mark was used in a way that is likely to confuse consumers as to its source.<sup>75</sup>

The federal courts of appeals each use their own slightly different multi-factor balancing tests as a flexible guide to decide whether a defendant's use of a registered mark will cause confusion in the market.<sup>76</sup> For example, the U.S. Court of Appeals for the Second Circuit applies an eight factor test, first laid out in 1961 in *Polaroid Corp. v. Polarad Electronics Corp.*, in confusion causes of action.<sup>77</sup> These eight independent elements, generally referred to as the *Polaroid* factors, are: (1) the strength of the senior mark, (2) the similarity of the marks, (3) the proximity of the parties; (4) the likelihood the prior holder "will bridge the gap," (5) the evidence of actual confusion, (6) the intent of the defendant, (7) the quality of the defendant's product, and (8) the buyer's sophistication.<sup>78</sup> The court in *Polaroid* also noted that other factors may be taken into account depending on the complexity of the issues in a particular case.<sup>79</sup>

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<sup>72</sup> See *infra* notes 74–95 and accompanying text.

<sup>73</sup> See *infra* notes 96–109 and accompanying text.

<sup>74</sup> See 15 U.S.C. § 1125(a).

<sup>75</sup> See *id.*; *Custom Mfg. & Eng'g, Inc. v. Midway Servs.*, 508 F.3d 641, 648 n.8 (11th Cir. 2007) (holding that a court will not evaluate the likelihood of confusion where ownership rights are not clearly established); *Lampanello v. Falwell*, 420 F.3d 309, 313 (4th Cir. 2005) (same); *LAFRANCE*, *supra* note 35, § 3.02 (explaining the two-step analysis for evaluating a traditional trademark claim under § 1114 of the Lanham Act).

<sup>76</sup> See *Sullivan*, 385 F.3d at 775–76; *Dieter*, 880 F.2d at 326; *AMF*, 599 F.2d at 348–49; *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1229 (3d Cir. 1978); see also *LAFRANCE*, *supra* note 35, § 3.02 (discussing the different factor tests and the similarities in their applications).

<sup>77</sup> *Polaroid*, 287 F.2d at 495.

<sup>78</sup> *Id.*

<sup>79</sup> *Id.*; *LAFRANCE*, *supra* note 35, § 3.02.

Although different circuits use slightly different factors in their tests, the circuits are similar in that each factor is weighed independently in a highly fact-specific inquiry to determine whether the defendant infringed the plaintiff's trademark.<sup>80</sup> Accordingly, no single factor is decisive.<sup>81</sup> Moreover, because the lists of factors are non-exhaustive, there is no guaranteed uniformity in how the tests are applied both within and among the circuits, and courts are allowed to take into consideration any facts and circumstances relevant to the particular case.<sup>82</sup>

The confusion analysis became even more complicated in 2004 with the Supreme Court's holding in *KP Make-Up*, which involved the availability of a fair use defense for trademark infringement.<sup>83</sup> The fair use defense is available to would-be infringers under § 1115(b)(4).<sup>84</sup> The statute provides a defense for the use of a protected mark where "the use . . . charged to be an infringement is a use . . . 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."<sup>85</sup> Essentially, this affirmative defense is available where the alleged infringer (1) did not use plaintiff's mark as its own trademark, (2) used the mark in good faith without intent to capitalize on its similarity to the plaintiff's mark, and (3) used the mark only as a means of describing its own goods or services.<sup>86</sup>

Prior to this decision, a potentially infringing defendant could not raise a fair use defense until the defendant clearly proved that there was no potential for confusion.<sup>87</sup> In *KP Make-Up*, the Court held that a fair

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<sup>80</sup> See *Internet Specialties West, Inc. v. Milion-Digiorgio Enters.*, 559 F.3d 985, 989 (9th Cir. 2009); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984); *LaFrance*, *supra* note 35, § 3.02.

<sup>81</sup> See *Entrepreneur Media v. Smith*, 279 F.3d 1135, 1141 (9th Cir. 2001); *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 462 (7th Cir. 2000); *LaFrance*, *supra* note 35, § 3.02.

<sup>82</sup> See *Ward*, *supra* note 8, at 306, 308; *LaFrance*, *supra* note 35, § 3.02.

<sup>83</sup> See 543 U.S. 111, 121–22 (2004) (holding that some level of confusion by members of the public is permissible in certain trademark infringement cases where the defendant argues that the use of the mark was a fair use).

<sup>84</sup> See 15 U.S.C. § 1115(b)(4) (2006).

<sup>85</sup> *Id.*

<sup>86</sup> See *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1150 (9th Cir. 2002) (describing the defendant's burden of proof in raising a fair use defense in a trademark infringement action).

<sup>87</sup> See *KP Make-Up*, 543 U.S. at 117, 121 (discussing prior decisions involving confusion claims and the fair use defense); *PACAAR Inc. v. TeleScan Techs.*, 319 F.3d 243, 256 (6th Cir. 2003) (holding that the finding of a likelihood of confusion forecloses a fair use defense); *Zatarains Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 796 (5th Cir. 1983) (finding that the alleged infringers were free to use words contained in a trademark "in

use defense could stand even where some confusion existed or was likely to exist.<sup>88</sup> Thus, under this holding, a defendant who has used another's trademark without permission may successfully raise a fair use defense even when the purported "fair use" creates confusion.<sup>89</sup>

Because confusion causes of action are available to all trademark holders, the *KP Make-Up* holding allows a fair use defense to be raised not only where consumers are confused as to the source of goods in the market, but also where potential donors are confused about which nonprofit they are supporting.<sup>90</sup> There are often a great number of both large and small charities working on behalf of similar causes, and therefore tremendous potential for public confusion regarding the names of nonprofit organizations.<sup>91</sup> Under *KP Make-Up*, it is possible that two organizations could have very similar marks and the second user might be permitted to keep using the mark even where donors were confused and misdirecting contributions, provided that the second user used the mark for description and in good faith.<sup>92</sup>

It should be noted that there is not much case law in this area because most nonprofit confusion claims are not fully litigated to decision.<sup>93</sup> Charities often opt to settle out of court because they either lack the funding to wage a full legal battle or do not want to divert funds from their mission.<sup>94</sup> When nonprofit cases do actually reach trial, courts have generally expressed great concern over confusion in the nonprofit context.<sup>95</sup>

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their ordinary, descriptive sense," so long as such use did not confuse customers as to the source of the goods); Ward, *supra* note 8, at 317 (discussing the availability of the fair use defense before *KP Make-Up*).

<sup>88</sup> See *KP Make-Up*, 543 U.S. at 121–22, 124.

<sup>89</sup> See *id.* at 124; LAFRANCE, *supra* note 35, § 3.12 (explaining the impact of the *KP Make-Up* holding).

<sup>90</sup> See 15 U.S.C. § 1125(a); *KP Make-Up*, 543 U.S. at 124; Ward, *supra* note 8, at 317 (discussing the potential impact of the *KP Make-Up* holding on nonprofit trademark cases).

<sup>91</sup> See Ward, *supra* note 8, at 305 (discussing the high potential for likelihood of confusion claims between nonprofit entities).

<sup>92</sup> See *KP Make-Up*, 543 U.S. at 124; Ward, *supra* note 8, at 317 (explaining that smaller charitable organizations have a greater chance of defeating a senior organization's trademark infringement claim by fair use "because there is no longer a requirement to show that consumer confusion is not likely" under *KP Make-Up*).

<sup>93</sup> See Ward, *supra* note 8, at 297 ("Many organizations settle in the face of impossible legal fees, and as a result there is almost no case law analysis where larger organizations sue small nonprofits.").

<sup>94</sup> See *id.*; Marks, *supra* note 4.

<sup>95</sup> See *WWP, Inc. v. Wounded Warriors Family Support, Inc. (Wounded Warriors II)*, 628 F.3d 1032, 1043–44 (2d Cir. 2011) ("[A nonprofit entity's] financial credit—its ability to raise funds, its general reputation, the reputation of those managing and supporting it, are all at stake if its name is used by some other organization and the two become confused in

## 2. Dilution: Expanding Trademark Protection for Senior Mark Holders

Congress amended the Lanham Act in 1996 by adding the Federal Trademark Dilution Act (FTDA), which expanded trademark infringement claims beyond situations involving directly competing marks.<sup>96</sup> This significant amendment established a federal cause of action against use that could tarnish or devalue a senior user's mark.<sup>97</sup> The new amendment aimed primarily to protect senior trademark holders that had expended significant money and effort in developing brands and establishing goodwill from the "lessening . . . [of] the capacity of [their] famous mark," even where there was no genuine threat of confusion with a competing brand or organization.<sup>98</sup>

Whereas trademark infringement law up until this point had focused primarily on protecting the public from confusion about the source behind the mark, the anti-dilution amendment sought to expressly safeguard "the trademark owner's investment in the goodwill that is embodied in a mark," even where there was no chance for confusion.<sup>99</sup> With the passage of this amendment, Congress allowed even greater protection to the most famous trademark holders by establishing a cause of action rooted in the idea that where a mark is so preva-

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the minds of the public."); *Children of the World*, 99 F. Supp. 2d at 494 ("[T]he public also has a right to know to whom they are giving their money and who is administering these services."); *Cancer Research Inst., Inc. v. Cancer Research Soc'y, Inc.*, 694 F. Supp. 1051, 1055-56 (S.D.N.Y. 1988) ("In the Court's view, the level of recognition and achievement arrived at by plaintiff entitles it to protection from later formed organizations using confusingly similar names.").

<sup>96</sup> Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, § 3(a), 109 Stat. 985, 986 (1996) (codified at 15 U.S.C. § 1125(c) (2006)); see Blake R. Bertagna, *Poaching Profits: An Examination of the Ability of a Trademark Owner to Recover Infringer's Profits Under the Lanham Act as Amended in 1999*, 16 TEX. INTELL. PROP. L.J. 257, 261-62 (2008) (discussing the initial question of how to better protect mark holders that led to the adoption of the FTDA).

<sup>97</sup> See LAFRANCE, *supra* note 35, § 3.05 (describing the legislative history and intent behind the passage of the FTDA); see also Bertagna, *supra* note 96, at 266-67 (explaining that Congress recognized that the dilution of well-known marks had become a greater problem during the 1990s and enacted the dilution amendment to better protect "those marks with such powerful consumer associations that even non-competing uses can impinge on their value"). The term "senior user" means the entity or individual who first used a trademark in the public. See *A & H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 237 F.3d 198, 210, 212 (3d Cir. 2000); *Children of the World*, 99 F. Supp. 2d at 49.

<sup>98</sup> See 15 U.S.C. § 1125(c); see also Bertagna, *supra* note 96, at 266-68 (explaining the FTDA's broadening of trademark protection and describing the remedies now available under the Lanham Act).

<sup>99</sup> See LAFRANCE, *supra* note 35, § 3.05 (differentiating between the protections provided by traditional trademark law and those provided by the anti-dilution amendment).

lent in the public, even non-competing uses could diminish the mark's effectiveness.<sup>100</sup>

A decade after passing the initial anti-dilution legislation, Congress broadened its scope by passing the Trademark Dilution Revision Act (TDRA).<sup>101</sup> The TDRA requires only a mere likelihood of dilution rather than proof of actual dilution.<sup>102</sup> Thus, this recent amendment perpetuated the expansion of federal statutory protection for senior trademark holders.<sup>103</sup>

Although the anti-dilution amendment provides a powerful tool for most senior mark holders, its power may be significantly hindered in the charitable nonprofit context.<sup>104</sup> Dilution claims may only be brought in commercial settings under § 1125(c) of the Lanham Act, unlike confusion claims which have no such restriction.<sup>105</sup> Therefore,

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<sup>100</sup> See 15 U.S.C. § 1125(c); McCARTHY, *supra* note 23, § 5:10–11 (discussing the effects of the amendment to the anti-dilution laws). The Ninth Circuit offered the following example of how dilution can occur even in non-competing markets:

For example, if a cocoa maker began using the “Rolls Royce” mark to identify its hot chocolate, no consumer confusion would be likely to result. Few would assume that the car company had expanded into the cocoa making business. However, the cocoa maker would be capitalizing on the investment the car company had made in its mark. Consumers readily associate the mark with highly priced automobiles of a certain quality. By identifying the cocoa with the Rolls Royce mark, the producer would be capitalizing on consumers' association of the mark with high quality items. Moreover, by labeling a different product “Rolls Royce,” the cocoa company would be reducing the ability of the mark to identify the mark holder's product. If someone said, “I'm going to get a Rolls Royce,” others could no longer be sure the person was planning on buying an expensive automobile. The person might just be planning on buying a cup of coffee. Thus, the use of the mark to identify the hot chocolate, although not causing consumer confusion, would cause harm by diluting the mark.

Playboy Enters. v. Welles, 279 F.3d 796, 805–06 (9th Cir. 2002).

<sup>101</sup> See Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312 (2006) (codified at 15 U.S.C. § 1125(c) (2006)).

<sup>102</sup> See *id.*

<sup>103</sup> See Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 WIS. L. REV. 625, 638–40 (discussing the effects of expanding statutory protection for famous mark holders).

<sup>104</sup> See Ward, *supra* note 8, at 310.

<sup>105</sup> See 15 U.S.C. § 1125(c). The statute states in pertinent part:

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name *in commerce* that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury. . . . The following shall not be ac-



as nonprofits operate outside the commercial world, a charitable organization may not, based on the plain language of § 1125(c), pursue a dilution claim even if the group reasonably believed that it was suffering because another organization was chipping away at its well-known and respected name.<sup>106</sup>

Despite the plain language of the statute, courts have, in some instances, found trademark infringement for dilution in nonprofit cases.<sup>107</sup> These courts were less concerned with a strict statutory interpretation, and more concerned about the tarnishment of recognizable charitable organizations, which could impair their ability to carry out their missions.<sup>108</sup> The courts in these cases opted to reach their decisions not by focusing on stringent plain language, but by remaining true to the legislative intent behind the dilution amendments, which was to broaden trademark protection for senior mark holders and their valuable brands.<sup>109</sup>

## II. TRADEMARKS FOR A CAUSE

Given the markedly different objectives of commercial entities and nonprofits, one might reasonably think that different rules would apply in situations involving the trademark rights of a charitable organization.<sup>110</sup> Indeed, the tax code treats nonprofit organizations differently than commercial enterprises, rewarding these organizations with a preferential tax status because they aim to benefit the public good and rely on the donations of others.<sup>111</sup> Yet the Lanham Act contains no special provisions for nonprofit trademarks.<sup>112</sup>

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tionable as dilution by blurring or dilution by tarnishment under this subsection . . . any noncommercial use of a mark.

*Id.* (emphasis added).

<sup>106</sup> See Ward, *supra* note 8, at 310 (explaining the statutory limitations on dilution claims in nonprofit actions).

<sup>107</sup> See *Rd. Dawgs Motorcycle Club of the U.S., Inc. v. "Cuse" Rd. Dawgs, Inc.*, 679 F. Supp. 2d 259, 285 (N.D.N.Y. 2009) (considering, as a factor in the confusion analysis, whether the senior trademark could be tarnished as a result of the public associating it with the newer similar mark); *Children of the World*, 99 F. Supp. 2d at 493 (holding that an older, well-known nonprofit's goodwill with donors was likely to be tarnished as a result of a newer organization, working on behalf of the same cause, using a similar name).

<sup>108</sup> See *Rd. Dawgs*, 679 F. Supp. 2d at 285; *Children of the World*, 99 F. Supp. 2d at 493.

<sup>109</sup> See 15 U.S.C. § 1125(c); *Rd. Dawgs*, 679 F. Supp. 2d at 285; *Children of the World*, 99 F. Supp. 2d at 493; LAFRANCE, *supra* note 35, § 3.05.

<sup>110</sup> See Ward, *supra* note 8, at 301, 326 (highlighting the differences in goals of commercial entities and nonprofit organizations).

<sup>111</sup> See 26 U.S.C. § 501(c)(3) (2006); Ward, *supra* note 8, at 301 ("Charitable nonprofits are required to act in accordance with section 501(c)(3), or they risk losing their non-

Section A of this Part explores the legal and social consequences that arise when two nonprofit organizations, both presumably trying to perform socially beneficial work, become engaged in a trademark battle.<sup>113</sup> Section B then describes the recent, highly publicized controversy that stemmed from Susan G. Komen for the Cure's zealous attempts to protect its trademarks.<sup>114</sup>

### A. Turf Wars: Court Involvement in Nonprofit Trademark Actions

Case law involving trademark disputes between nonprofit organizations is somewhat sparse because nonprofit organizations often prefer to reach a settlement rather than face a protracted legal battle that directs resources away from their overarching missions.<sup>115</sup> In the rare event that a case involving charities is litigated to a final judgment, courts have typically found for more well-established organizations, which are at risk of losing out on misdirected donations when smaller organizations begin to use similar names.<sup>116</sup>

In 2000, in *Deborah Heart & Lung Center v. Children of the World Foundation*, the U.S. District Court for the District of New Jersey granted the plaintiff organization an injunction against the defendant's continued use of the "Children of the World" mark in connection with the defendant's competing charitable fundraising and medical services.<sup>117</sup> The Deborah Heart and Lung Center Foundation operated a global outreach program, known as "Children of the World," that provided life-saving surgeries for children with congenital heart defects.<sup>118</sup> The organization had no registered trademark that would clearly establish

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profit status. Therefore, these charitable nonprofits' humanitarian motives and nonprofit methods must be part of the trademark analysis.").

<sup>112</sup> See Kenneth E. Liu, *Why Should Nonprofits Care About Trademarks?*, THOMSON COMPUMARK (2010), <http://trademarks.thomsonreuters.com/article/why-should-nonprofits-care-about-trademarks> ("[T]he protection of nonprofit marks is no different from that of for-profits.").

<sup>113</sup> See *infra* notes 115–144 and accompanying text.

<sup>114</sup> See *infra* notes 145–167 and accompanying text.

<sup>115</sup> See Ward, *supra* note 8, at 297; Press Release, Susan G. Komen for the Cure, Trademark Statement (Jan. 28, 2011), [http://www.komenoregon.org/Newsroom/Komen\\_TradeMark\\_Issues.shtml](http://www.komenoregon.org/Newsroom/Komen_TradeMark_Issues.shtml) ("Susan G. Komen for the Cure has sought amicable resolutions in the 47 trademark cases we've encountered in our 30 years; we have no interest in impeding the good work of other non-profits.").

<sup>116</sup> *WWP, Inc. v. Wounded Warriors Family Support, Inc. (Wounded Warriors II)*, 628 F.3d 1032, 1036–38 (8th Cir. 2011); *Deborah Heart & Lung Ctr. v. Children of the World Found., Ltd.*, 99 F. Supp. 2d 481, 484, 494 (D.N.J. 2000); *Cancer Research Inst., Inc. v. Cancer Research Soc'y, Inc.*, 694 F. Supp. 1051, 1055–56 (S.D.N.Y. 1988).

<sup>117</sup> *Children of the World*, 99 F. Supp. 2d at 484.

<sup>118</sup> *Id.*

rights to the name “Children of the World,” but offered evidence showing that it had operated using this name for nearly thirty years.<sup>119</sup> The defendant organization, which was two years old at the time, also provided congenital heart surgeries to needy children in Latin America and Eastern Europe and had a registered trademark for “Children of the World Foundation.”<sup>120</sup>

The court reasoned that the older Children of the World organization would likely succeed on the merits of trademark infringement and dilution claims, and that it would suffer irreparable harm to its ability to distinguish its services and to prevent dilution of goodwill associated with the mark.<sup>121</sup> Considering the likelihood of whether an average individual would “confuse or associate the parties’ services and marks with one another based on the overall impression created by the mark as a whole,” the court found that the marks were confusingly similar, as the names were not identical, but very close to one another, and the organizations directly competed for the same donors.<sup>122</sup>

The court also found that allowing two similarly named organizations fighting for a similar cause to exist concurrently would be likely to dilute the plaintiff’s goodwill with donors, as it was well established as the only program of that name for twenty-eight years.<sup>123</sup> The plaintiff’s organization was relatively famous for a number of years before the defendant arrived on the scene and the court believed that the similarity between the two organization’s names would lessen the plaintiff’s capacity to distinguish its organization and services.<sup>124</sup>

Some courts, including the *Children of the World* court, have found an increased likelihood of confusion when the senior mark is famous.<sup>125</sup> These courts reasoned that when a mark is well-known to a

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<sup>119</sup> *Id.*; see 15 U.S.C. § 1115(a) (2006); *supra* notes 48–52 and accompanying text (explaining that although trademark registration provides certain benefits, no official registration is necessary to establish trademark rights).

<sup>120</sup> *Children of the World*, 99 F. Supp. 2d at 485.

<sup>121</sup> *Id.* at 493.

<sup>122</sup> *Id.* at 491.

<sup>123</sup> *Id.* at 493.

<sup>124</sup> See *id.* (“If permitted to continue, it is probable that defendants’ use of the confusingly similar mark for essentially the same services (charitable and medical) will cause actual lessening of plaintiff’s capacity to distinguish its own senior program from the defendants’ emerging program. Plaintiff will increasingly be called upon to explain that its program is not related to the New York program, and that task will be increasingly burdensome as defendants expand their publicity and fundraising activities.”).

<sup>125</sup> See *Virgin Enters. v. Nawab*, 335 F.3d 141, 149 (2d Cir. 2003) (“Plaintiff’s VIRGIN mark was also famous. The mark had been employed with world-wide recognition as the mark of an airline and as the mark for megastores selling music recordings and consumer electronic equipment. The fame of the mark increased the likelihood that consumers see-

large percentage of the general public, potential donors or buyers are far more likely to mentally connect the similar secondary use of a mark to the more recognizable senior trademark holder, thereby leaving it open for tarnishment by the secondary user.<sup>126</sup>

The *Children of the World* court was extremely concerned about this confusion in infringement cases involving nonprofits.<sup>127</sup> The court asserted that nonprofit trademarks should receive enhanced judicial protection because of the public's strong interest in ensuring that individual contributions are received by the intended organization.<sup>128</sup> Further, the court determined that the prospective harm to the defendant or the greater public interest served by the defendant's organization could be ameliorated simply by allowing for a short grace period while the defendant transitioned to a new, non-infringing name.<sup>129</sup>

A somewhat similar case arose in 2009, when the U.S. District Court for the District of Nebraska was presented with a nonprofit trademark battle in *WWP, Inc. v. Wounded Warriors, Inc.*<sup>130</sup> The two charitable organizations, both dedicated to supporting injured veterans, became locked in a lengthy litigation over allegedly misdirected donations and the domain name woundedwarriors.org.<sup>131</sup> Wounded Warriors, Inc., an Omaha, Nebraska charity, owned the domain name but the Wounded Warrior Project of Jacksonville, Florida, a larger and older group, argued that scores of its supporters donated money to the other group's site thinking it was going to the Florida charity, which owned the similar domain names, woundedwarrior.org and woundedwarriorproject.org.<sup>132</sup> Wounded Warriors Project contended that it had become "synonymous with veteran service to this generation of wounded veterans" due to aggressive marketing and endorsements by Bob Costas, Bill O'Reilly, Jim-

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ing defendants' shops selling telephones under the mark VIRGIN would assume incorrectly that defendant's shops were a part of plaintiff's organization."); *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 873 (2d Cir. 1986); *Children of the World*, 99 F. Supp. 2d at 491–93.

<sup>126</sup> See *Virgin Enters.*, 335 F.3d at 149; *Lois Sportswear*, 799 F.2d at 873; *Children of the World*, 99 F. Supp. 2d at 491–93.

<sup>127</sup> See *Children of the World*, 99 F. Supp. 2d at 493–94.

<sup>128</sup> See *id.* at 494 ("[T]he public also has a right to know to whom they are giving their money and who is administering these services. When donors choose to give money to support [a specific organization], they should be assured they are [actually] giving it to the [intended organization] . . . . The consumers of these services should likewise know which organization is [assisting them].").

<sup>129</sup> See *id.*

<sup>130</sup> *WWP, Inc. v. Wounded Warriors, Inc. (Wounded Warriors I)*, 566 F. Supp. 2d 970, 974 (D. Neb. 2008).

<sup>131</sup> *Id.*; see *Wounded Warriors II*, 628 F.3d at 1035–36; Marks, *supra* note 4.

<sup>132</sup> *Wounded Warriors I*, 566 F. Supp. 2d at 978–79.

my Buffet, and the NFL, whereas the other organization marketed itself only on its website.<sup>133</sup> The organization alleged that this publicity prompted donors to mistakenly contribute to the other charity's website.<sup>134</sup>

Donations to Wounded Warriors, Inc. had increased dramatically since the launch of the woundedwarriors.org website and the organization admitted during discovery that it had cashed checks for misdirected donations.<sup>135</sup> A jury awarded a \$1.7 million verdict to the plaintiff and issued a permanent injunction barring the use of the problematic domain name by the defendant.<sup>136</sup> On appeal, the court upheld the jury verdict, citing the significant donation increases for the defendant and the much larger national profile of the Wounded Warrior Project.<sup>137</sup> Further, the verdict reiterated the strong public interest in donors' gifts reaching their intended destination organizations.<sup>138</sup>

Usually, however, trademark disputes like the ones in *Children of the World* and *Wounded Warriors* settle before proceeding to court.<sup>139</sup> A recent example of such a dispute involved the federally trademarked "Sunshine Kids Foundation," an organization which puts on recreational programming nationwide for children with cancer.<sup>140</sup> The Sunshine Kids Foundation filed suit against the Sunshine Kids Club of California, which provides programming for children with disabilities, when it discovered that multiple donors had unintentionally sent money to the California organization, believing it was affiliated with the Sunshine Kids Foundation.<sup>141</sup> The California group drained a large percentage of its resources in fighting a name change before heeding

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<sup>133</sup> *Wounded Warriors II*, 628 F.3d at 1035.

<sup>134</sup> *Id.* at 1036.

<sup>135</sup> *Id.* The district court declined to conduct a full likelihood of confusion analysis because the defendant openly admitted that there had been some donor confusion. See *Wounded Warriors I*, 566 F. Supp. 2d at 975. The court also found that Wounded Warriors, Inc. was in violation of the Nebraska Deceptive Trade Practices Act, which holds an organization liable for creating or actively participating in causing public confusion or misunderstanding as to affiliation or connection with another entity. *Id.* at 977.

<sup>136</sup> *Wounded Warriors II*, 628 F.3d at 1035.

<sup>137</sup> See *id.* at 1037, 1041.

<sup>138</sup> See *id.* at 1043.

<sup>139</sup> See Ward, *supra* note 8, at 297 (discussing how many nonprofits opt to settle trademark infringement claims to avoid incurring large legal fees); Meredith J. Cooper, *Lawsuit Leads to Name Change*, CHICO NEWS & REV., Oct. 21, 2010, <http://www.newsreview.com/chico/lawsuit-leads-to-name-change/content?oid=1861771>; Marks, *supra* note 4.

<sup>140</sup> See Cooper, *supra*, note 139.

<sup>141</sup> *Id.*

to counsel's advice to end the legal proceeding by changing its name to Sunshine Connection.<sup>142</sup>

Although it is regrettable that the California group had to divert funding away from its worthwhile programming to wage a legal battle, it is likely, based on the existing case law, that, had the case progressed to trial, the court would have found for the federally trademarked Sunshine Kids Foundation because of concerns about donors confusing the smaller group with a more prominent organization.<sup>143</sup> Thus, in opting to rebrand, the California Sunshine Kids likely saved itself from spending further resources on a fight that it was likely to lose.<sup>144</sup>

### B. *The Komen Conundrum: Lawsuits for the Cure?*

The most interesting and publicized recent dispute in the non-profit trademark landscape involves Susan G. Komen for the Cure.<sup>145</sup> Komen is the most well-known and highly-funded organization devoted to fighting breast cancer in the world.<sup>146</sup> Since its inception in 1982, Komen has invested over \$1.9 billion in breast cancer research and services for women affected by the disease.<sup>147</sup> The organization funds programs in over fifty countries worldwide and is synonymous all over the world with breast cancer research and awareness.<sup>148</sup> In a January 2010 survey of over nine thousand American consumers, Komen was ranked as the second most-trusted nonprofit brand and was the number one charity to which respondents said they would direct their dollars, a distinction the organization has held for three years.<sup>149</sup>

<sup>142</sup> *Id.*

<sup>143</sup> See *Wounded Warriors II*, 628 F.3d at 1035–36, 1043; *Children of the World*, 99 F. Supp. 2d at 493–94; *Cancer Research Inst.*, 694 F. Supp. at 1055–56.

<sup>144</sup> See *Wounded Warriors II*, 628 F.3d at 1036–38, 1043; *Children of the World*, 99 F. Supp. 2d at 493–94.

<sup>145</sup> See Ward, *supra* note 8, at 302; Marks, *supra* note 4.

<sup>146</sup> GAYLE A. SULIK, PINK RIBBON BLUES 149–50 (2011) (“Komen has the greatest number of corporate partnerships and leads in revenue from corporate-cause marketing campaigns. . . . Brand image helps the organization maintain its leading position in pink ribbon culture. . . . Advertising is a growing component of this strategy.”); Ward, *supra* note 8, at 302.

<sup>147</sup> NANCY G. BRINKER, PROMISE ME: HOW A SISTER’S LOVE LAUNCHED THE GLOBAL MOVEMENT TO END BREAST CANCER 342 (2010).

<sup>148</sup> See Marks, *supra* note 4; Press Release, Susan G. Komen for the Cure, Susan G. Komen for the Cure and World Health Leaders Launch Global Women’s Health Initiative (June 8, 2010).

<sup>149</sup> Heather Joslyn, *Two Health Charities Rank as America’s Most Trusted Nonprofit Brands*, CHRON. PHILANTHROPY (Mar. 4, 2010), <http://philanthropy.com/article/Two-Health-Charities-Rank-as/64512/>. The organization held the number one distinction for three consecutive years and ranks now only behind St. Jude Children’s Research Hospital in Memphis, TN,

The organization's signature event, the Susan G. Komen Race for the Cure, was first held in 1983 and is now the world's largest breast cancer fundraising event.<sup>150</sup> In 2010, there were 146 Komen races worldwide with over 1.6 million participants and one hundred thousand volunteers.<sup>151</sup> As the Race for the Cure increased in national and global prominence, Komen began registering trademarks for many of its other events including "Fly for the Cure," "Craft for the Cure," "Couture for the Cure," "Ski for the Cure," "Nurses for the Cure," "Salsa Para La Cure," and "Collect for the Cure," to name a few.<sup>152</sup> Although Komen does not have a registered trademark for the phrase "for the cure," a mark need not be registered to receive protection if it is sufficiently tied to one source, and it is clear from the vast number of various constructions of "for the cure" that the organization views the phrase as inextricably linked to its brand and fundraising potential.<sup>153</sup>

In August 2010, national media picked up a story outlining Komen's dispute with the organization "Uniting Against Lung Cancer," which planned to hold an event entitled "Kites for a Cure."<sup>154</sup> Uniting Against Lung Cancer received a letter from Komen's lawyers requesting that it change the name of the event to "Kites for a Cause," or another name.<sup>155</sup> The letter also warned the organization against any use of "for the cure" in conjunction with its signature color pink.<sup>156</sup> Uniting Against Lung Cancer refused to change the event name and retained its own attorneys.<sup>157</sup> After many months, the organization reached a settlement with Komen in which they agreed to only use the phrase "for a Cure" in conjunction with the words "lung cancer" to make the distinction clear.<sup>158</sup>

Later the same year, Sue Prom, who started a small dog sledding fundraiser for breast cancer called "Mush for the Cure" received a letter from Komen's attorneys, challenging her application for a trade-

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which is similar to Komen in terms of national presence and major marketing initiatives. *Id.* Additionally, Nancy G. Brinker, Komen's founder and CEO, received the Presidential Medal of Freedom, the nation's highest civilian honor in 2009. BRINKER, *supra* note 147, at 334.

<sup>150</sup> BRINKER, *supra* note 147, at 338, 341.

<sup>151</sup> *About the Race*, SUSAN G. KOMEN RACE FOR THE CURE, <http://apps.komen.org/race/forthecure/?ecid=vanityurl:65> (follow "more" hyperlink in "About the Race" window) (last visited Jan. 2, 2013).

<sup>152</sup> Ward, *supra* note 8, at 302.

<sup>153</sup> See LAFRANCE, *supra* note 35, § 2.17; Ward, *supra* note 8, at 302.

<sup>154</sup> Marks, *supra* note 4.

<sup>155</sup> *Id.*

<sup>156</sup> *Id.*

<sup>157</sup> *Id.*

<sup>158</sup> *Id.*

mark and requesting that she change the name of her event because the two organizations fundraise for the same cause.<sup>159</sup> Prom, whose event raises money for the National Breast Cancer Foundation (NBCF), was urged by the NBCF to apply for a trademark to protect the event in the hopes of avoiding dealings with the Komen legal team.<sup>160</sup>

Just a few months after being named one of America's most trusted charities, Komen's new label as a trademark bully dealt a serious blow to its carefully crafted image.<sup>161</sup> Prom told her story to the national press, explaining that her organization could not afford to re-brand apparel and posters or to fight Komen in court.<sup>162</sup> She accused Komen of using donor funds, which should go to the fight against breast cancer, for legal battles.<sup>163</sup> As the story gained momentum, Komen found itself facing a significant public backlash.<sup>164</sup>

Komen's attorney insisted that the organization tried to be "reasonable" and never had shut down or intended to shut down any smaller charity.<sup>165</sup> The company issued a statement saying that the steps it took to protect its trademarks were simply to avoid donor confusion, which is a common problem with similarly named organizations.<sup>166</sup>

<sup>159</sup> Bassett, *supra* note 5.

<sup>160</sup> *Id.*

<sup>161</sup> See Howard, *supra* note 6.

<sup>162</sup> See Jean Hopfensperger, *Lawsuits for the Cure?* STAR TRIB. (Minneapolis), June 1, 2011, <http://www.startribune.com/local/122911838.html>; Bassett, *supra* note 5; *NBC Nightly News with Brian Williams* (NBC television broadcast Jan. 24, 2011), available at [http://www.msnbc.msn.com/id/3032619/ns/nightly\\_news/#41237808](http://www.msnbc.msn.com/id/3032619/ns/nightly_news/#41237808).

<sup>163</sup> See *NBC Nightly News*, *supra* note 162. Sue Prom asserted:

I'm hoping that they take their money and put it to the cause . . . and what they originally founded their corporation for—the fight against breast cancer—not using their donor money for litigation. I just don't think it's right. That's not why people gave their money to the organization in the first place.

*Id.*

<sup>164</sup> See Howard, *supra* note 6 ("Stephen Colbert lampooned it. The Huffington Post highlighted some of its aggressive legal actions against small mom-and-pop charities. The Wall Street Journal headlined 'Charity Brawl: Nonprofits Aren't So Generous When a Name's at Stake.' This unwanted recognition building over the past year is focused on Susan G. Komen for the Cure.")

<sup>165</sup> Bassett, *supra* note 5.

<sup>166</sup> See Press Release, Susan G. Komen for the Cure, *supra* note 17. The press release stated, in pertinent part:

We believe it is critical for people to understand where their donations are going, and we feel an obligation to all our donors to make that as clear as possible. The millions of people who either support us or benefit from our programs know and trust our name—Susan G. Komen for the Cure. We want them to continue to feel confident that their money is being used to fight and



Still, shortly after Prom's appearance on the NBC Nightly News and amid an onslaught of negative publicity, including a front page Wall Street Journal article and a lampoon by Steven Colbert, Komen withdrew its opposition to the Mush for a Cure trademark application.<sup>167</sup>

### III. CLARIFYING THE CONFUSION: HOW FAIRLY TO APPLY TRADEMARK LAW IN CASES INVOLVING CHARITABLE ORGANIZATIONS

The timing of Komen's decision to withdraw its objection to Mush for a Cure's name strongly indicates that Komen's decision was motivated by bad press and was not related to the merits of its claim.<sup>168</sup> Although Komen may have made a smart business decision, the organization had every reason to protect its brand from another group using a similar name.<sup>169</sup> The potential for confusion is quite clear—a donor looking for a charity funding research and support for breast cancer patients could reasonably assume that an organization with “for a cure” or “for the cure” was affiliated with the well-known Susan G. Komen for the Cure or one of its many subgroups like Nurses for the Cure or Ski for the Cure.<sup>170</sup> Further, in the case of famous nonprofits, it seems highly likely that where there are concerns about confusion, there would be simultaneous concerns about dilution of an organization's reputation.<sup>171</sup>

This Part argues that nonprofits require their own set of trademark rules with some enhanced protections because their objectives are

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treat breast cancer and to fund the best scientific research bringing us closer to the cure.

*Id.*

<sup>167</sup> Hopfensperger, *supra* note 162; *see* Marks, *supra* note 4; *The Colbert Report*, *supra* note 6; *NBC Nightly News*, *supra* note 162.

<sup>168</sup> *See* Marks, *supra* note 4; Press Release, Susan G. Komen for the Cure, *supra* note 17 (highlighting Komen's concerns about donor confusion and its desire to protect its name); *NBC Nightly News*, *supra* note 162.

<sup>169</sup> *See* LAFRANCE, *supra* note 35, § 3.05; Ward, *supra* note 8, at 305 (noting the potential for donor confusion regarding nonprofit brands); *The Colbert Report*, *supra* note 6; *NBC Nightly News*, *supra* note 162.

<sup>170</sup> *See* Deborah Heart & Lung Ctr. v. Children of the World Found., Ltd., 99 F. Supp. 2d 481, 491 (D.N.J. 2000) (holding that two similar organization names would likely confuse donors because the organizations have the same objectives and compete for fund-raising dollars); Ward, *supra* note 8, at 307.

<sup>171</sup> *See* Virgin Enters. v. Nawab, 335 F.3d 141, 149 (2d Cir. 2003) (noting that the plaintiff's mark was famous, which increased the likelihood that consumers would assume incorrectly that defendant's organization with a similar mark was associated with the plaintiff); *Children of the World*, 99 F. Supp. 2d at 493 (holding that a newer charitable group's use of a mark that was confusingly similar to that of an established nonprofit could dilute the older organization's reputation).

markedly different from the commercial businesses that were at the forefront of the minds of the legislators who drafted the Lanham Act.<sup>172</sup> Section A discusses how nonprofits are different from commercial organizations, and why they therefore require different protections.<sup>173</sup> Section B advocates moving away from the multi-factor tests for confusion claims, as they are designed for the commercial sector, as well as for restricting the holding in *KP Make-Up*, which allows for a fair use defense to trademark infringement even where marks are confusingly similar, to cases involving for-profit companies.<sup>174</sup> Section C proposes an amendment to the Lanham Act that would allow nonprofits to bring dilution claims, which they are barred from doing under current law.<sup>175</sup> These proposed changes, though small, would help to ensure that large charitable organizations like Komen, whose work is hugely beneficial to society, are adequately protected from losing donations due to donor confusion and from harm to their brand reputation because of dilution.<sup>176</sup> Finally, Section D explores how to protect smaller nonprofits that often face much larger, well-known organizations in trademark disputes, so that they are not burdened by litigation and can focus their considerably smaller war chests on their charitable goals.<sup>177</sup>

#### A. *Why the Law Needs to Protect “For the Cure” and Its Valuable Counterparts*

Nonprofit organizations need and deserve specialized trademark protection because their work benefits more than just one business or company and is distinctly different than the for-profit model that Congress had in mind when designing the Lanham Act.<sup>178</sup> Charities work to perform a social good, not to turn a profit.<sup>179</sup> Accordingly, the law should seek to avoid both the public confusion that leads to donations ending up in the wrong hands and the tarnishment of a mark that oc-

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<sup>172</sup> See *infra* notes 178–218 and accompanying text.

<sup>173</sup> See *infra* notes 178–186 and accompanying text.

<sup>174</sup> See *infra* notes 187–197 and accompanying text.

<sup>175</sup> See *infra* notes 198–206 and accompanying text.

<sup>176</sup> See *infra* notes 198–206 and accompanying text.

<sup>177</sup> See *infra* notes 207–218 and accompanying text.

<sup>178</sup> JOHN PALFREY, *INTELLECTUAL PROPERTY STRATEGY* 110 (2011) (noting how nonprofits have a greater range of goals than for-profit businesses, which increases their need for a strong intellectual property strategy); see MCCARTHY, *supra* note 23, at 2:33 (explaining how the Lanham Act was designed to protect producers and consumers).

<sup>179</sup> See *Children of the World*, 99 F. Supp. 2d at 494; PALFREY, *supra* note 178, at 110.

curs when the public mistakenly associates a respected organization with a lesser one.<sup>180</sup>

Although the basic concern is the same for nonprofits as for commercial enterprises, namely that confusion will result in money being funneled to incorrect recipients, the problem of misdirected funds is graver in the nonprofit context.<sup>181</sup> Because both nonprofit and for-profit organizations invest substantial resources to develop strong marks, there should be greater concern when philanthropic donations reach the wrong destination, as opposed to when a consumer purchases the wrong product because two logos look alike.<sup>182</sup> As the U.S. District Court for the District of New Jersey observed in 2000 in *Deborah Heart & Lung Center v. Children of the World Foundation*, there is a strong public interest in ensuring that donors, who are performing a social good, receive assurance that their money is going to its intended destination, which will make them more likely to donate in the future.<sup>183</sup>

Further, donors generally would like their money to run to its highest and best use, which might be to the well-established charities with the scale and scope to help more people.<sup>184</sup> Larger, more far-reaching organizations have more at stake in maintaining their good reputations.<sup>185</sup> Therefore, because of the strong public interest in ensuring that potential donors can rely on marks to identify organizations and that large, trusted nonprofits are protected from reputational

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<sup>180</sup> See *WWP, Inc. v. Wounded Warriors Family Support, Inc. (Wounded Warriors II)*, 628 F.3d 1035–36 (2d Cir. 2011); *Children of the World*, 99 F. Supp. 2d at 494; Joslyn, *supra* note 149 (highlighting the importance of public confidence in the trustworthiness of charitable brands).

<sup>181</sup> See *Wounded Warriors II*, 628 F.3d at 1036–37.

<sup>182</sup> Compare *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 114–15 (2004) (allowing consumer confusion in an infringement case involving companies that sold similar make-up products, even though the potential existed for customers to purchase the wrong brand), with *Wounded Warriors II*, 628 F.3d at 1035–36 (holding a nonprofit’s use of a mark impermissible because over \$1.7 million in donations went to the wrong wounded veterans association).

<sup>183</sup> *Children of the World*, 99 F. Supp. 2d at 494 (noting that the need for strong protection of marks is even greater in the nonprofit context because such organizations perform a social good and donors have a right to know exactly where their contributions are going, so that they are more likely to contribute to charitable organizations again).

<sup>184</sup> See Joslyn, *supra* note 149 (noting that Americans tend to find larger charities more trustworthy and are more likely to donate to groups like Komen, United Way, and St. Jude Children’s Research Hospital, which all have highly visible brands and a national presence); *supra* notes 145–158 and accompanying text (highlighting the scope of Susan G. Komen’s work worldwide).

<sup>185</sup> See Joslyn, *supra* note 149 (highlighting how the public is more familiar with the reputation of these larger groups).

harm, nonprofits require their own trademark rules that provide enhanced protection for larger organizations.<sup>186</sup>

### B. Fixing the Confusing Confusion Standard

Case law indicates that the likelihood of confusion between different nonprofits using similar marks is great, especially where the two groups are working on behalf of similar causes.<sup>187</sup> In analyzing the likelihood of confusion, the circuits use different multi-factor tests.<sup>188</sup> Some courts weigh certain factors more heavily than others, often giving greater weight to how the two marks relate in the commercial marketplace.<sup>189</sup> Ideally, a new section of the Lanham Act, dealing exclusively with nonprofits, would still allow confusion claims, but the courts would not use the multi-factor tests and instead would perform a case-by-case analysis of the pertinent facts and circumstances.<sup>190</sup> This type of case-by-case analysis works best in the context of nonprofit trademarks because these cases are often not litigated to a final judgment, and it is therefore unlikely that a court could reliably promulgate a test based on a small sample of prior decisions.<sup>191</sup>

Further, a new nonprofit amendment to the Lanham Act should not allow a fair use defense where there is any potential for confusion between nonprofit groups, thereby effectively limiting to the commercial world the U.S. Supreme Court's 2004 holding in *KP Permanent Make-Up v. Lasting Impression I, Inc.*, which allowed an infringing defendant to prevail on a fair use defense,<sup>192</sup> even where some confusion was

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<sup>186</sup> See PALFREY, *supra* note 178, at 112.

<sup>187</sup> See *Wounded Warriors II*, 628 F.3d at 1035–36; *Children of the World*, 99 F. Supp. 2d at 490–91; *Cancer Research Inst., Inc. v. Cancer Research Soc'y, Inc.*, 694 F. Supp. 1051, 1055–56 (S.D.N.Y. 1988).

<sup>188</sup> See *supra* notes 76–82 and accompanying text.

<sup>189</sup> See *Sullivan v. CBS Corp.*, 385 F.3d 772, 776 (7th Cir. 2004) (noting the importance of examining each case on its particular facts); *Dieter v. B & H Indus.*, 880 F.2d 322, 326 (11th Cir. 1989); *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979); *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1230 (3d Cir. 1978); *Polaroid Corp. v. Polarad Elecs. Co.*, 287 F.2d 492, 495–96 (2d Cir. 1961).

<sup>190</sup> See *Ward, supra* note 8, at 305–06 (highlighting the potential issues with considering the same factors in each different case).

<sup>191</sup> See *Ward, supra* note 8, at 297 (noting that many nonprofit trademark actions settle out of court because the organization cannot or does not want to divert resources from its mission); *Cooper, supra* note 139 (discussing a potential trademark action where the defendant opted to rebrand, instead of fighting infringement claims in court).

<sup>192</sup> See 543 U.S. at 124; *supra* notes 83–86 and accompanying text (discussing the fair use defense).

likely.<sup>193</sup> In that case, two similar companies marketing permanent make-up products to individuals trying to cover up scars became locked in a dispute over the term “microcolors.”<sup>194</sup> The *KP Make-Up* court held that a fair use defense could succeed even where some source confusion is present.<sup>195</sup>

*KP Make-Up*, and similar cases in which a consumer may be confused as to the source of a product but ultimately ends up with a similar product, is vastly different than nonprofit trademark confusion cases in which larger charitable organizations could potentially lose money and donors’ money falls into the wrong hands.<sup>196</sup> The potential social harm of allowing confusion in these cases is much more significant, and thus the *KP Make-Up* holding, which allows for some consumer confusion, should not apply to nonprofit trademarks.<sup>197</sup>

### C. Allowing Dilution Claims in the Nonprofit Context

The legislative history behind the anti-dilution amendments clearly indicates that Congress intended to significantly expand federal statutory protection for senior trademark holders.<sup>198</sup> Komen and other large, well-known nonprofits are exactly the types of organizations that could be seriously affected by dilution.<sup>199</sup> The Lanham Act, however, requires that dilutive acts be “commercial” in nature.<sup>200</sup> This language

<sup>193</sup> See 543 U.S. at 121, 124; *Wounded Warriors II*, 628 F.3d at 1036–37; *Children of the World*, 99 F. Supp. 2d at 491, 494.

<sup>194</sup> See 543 U.S. at 114–15.

<sup>195</sup> See *id.* at 121, 124.

<sup>196</sup> Compare *id.* (noting that consumer confusion as a result of similar marks resulted in a customer purchasing the wrong brand of make-up), with *Wounded Warriors*, 628 F.3d at 1035–37 (holding that donor confusion about the names of two organizations that provided slightly different services to war veterans led to one organization losing out on over one million dollars in donations).

<sup>197</sup> See *KP Make-Up*, 543 U.S. at 115; *Wounded Warriors II*, 628 F.3d at 1036–37; *Children of the World*, 99 F. Supp. 2d at 494.

<sup>198</sup> See 15 U.S.C. § 1125(c) (2006); LaFRANCE, *supra* note 35, § 3.05 (describing the legislative intent behind adding anti-dilution amendments to the Lanham Act); Bertagna, *supra* note 96, at 265–66 (discussing how anti-dilution provision was intended to better protect senior mark holders who had invested considerably in developing their marks); *supra* notes 96–103 and accompanying text.

<sup>199</sup> See *Virgin Enters.* 335 F.3d at 149 (explaining that dilution was more of a concern for famous brands because it was more likely that customers would associate a similar mark with the famous brand’s mark); *Children of the World*, 99 F. Supp. 2d at 493 (noting that dilution was more of a concern for well-established brands, especially as the infringing mark steps up efforts to publicize itself); Grinvald, *supra* note 103, at 638–40 (discussing the effects of expanding statutory protection for famous trademark holders).

<sup>200</sup> 15 U.S.C. § 1125(c).

could be construed to exclude charitable nonprofits from raising dilution claims, even though the legislative intent seemingly aims to protect all well-known or famous marks.<sup>201</sup> At least one court has allowed a nonprofit organization to prevail on a dilution claim, but the current Lanham Act does not guarantee that nonprofits in other jurisdictions would be successful in bringing dilution claims.<sup>202</sup>

The nonprofit amendment to the Lanham Act would allow charitable organizations to bring dilution claims, without requiring courts to grapple with whether the use of a mark was commercial enough in nature to fall under § 1125(c).<sup>203</sup> Dilution can seriously chip away at the work and reputation of large, well-known organizations, and is a serious concern for a famous group like Komen.<sup>204</sup> Even where there is not confusion as to the source of a mark, dilution reduces the ability of the famous mark to identify the organization behind the mark, thereby tarnishing the effectiveness of the mark and undercutting the organization's investment in creating and publicizing the mark.<sup>205</sup> Moreover, allowing these dilution claims furthers the clear legislative intent of expanding trademark protection for highly recognizable marks.<sup>206</sup>

#### D. Preventing Trademark “Bullying”

When the Komen trademark disputes story was picked up by the national media in early 2011, the narrative seemed largely the same in every piece—the large nonprofit with extensive resources was “bullying” a smaller group that was also trying to fight for the same cause.<sup>207</sup> In reality, Komen was not trying to shut down or bankrupt other charities, but was protecting its well-established reputation because of legitimate

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<sup>201</sup> See *id.*; LAFRANCE, *supra* note 35, § 3.05 (explaining that the clear legislative intent was to broaden, not restrict, trademark protection); Ward, *supra* note 8, at 310 (discussing how the plain language of § 1125(c) indicates that dilution protection does not apply to charitable organizations, which are not “commercial”).

<sup>202</sup> See *Children of the World*, 99 F. Supp. 2d at 493 (expressing concern that the newer organization's use of a similar name was eroding the goodwill that the senior charity had built with the public); Ward, *supra* note 8, at 310.

<sup>203</sup> See 15 U.S.C. § 1125(c); Ward, *supra* note 8, at 310.

<sup>204</sup> See *Virgin Enters.*, 335 F.3d at 149; *Children of the World*, 99 F. Supp. 2d at 494; Bertagna, *supra* note 96, at 267; Grinvald, *supra* note 103, at 638–40.

<sup>205</sup> See *supra* notes 97–100 and accompanying text (discussing the harm from dilution in the absence of confusion).

<sup>206</sup> See LAFRANCE, *supra* note 35, § 3.05; MCCARTHY, *supra* note 23, at 5:11 (noting that Congress amended the Lanham Act based on concerns noted by the Supreme Court that the current dilution provision did not provide sufficient protection).

<sup>207</sup> See Marks, *supra* note 4; Bassett, *supra* note 5; *The Colbert Report*, *supra* note 6; *NBC Nightly News*, *supra* note 162.

concerns about misdirected donations and dilution.<sup>208</sup> Although the trademark bully label might have been unfair, it is cause for concern that smaller organizations, which have less resources and less access to legal expertise, could be pulled into court for burdensome litigation.<sup>209</sup>

The smaller groups, though, do have the protection of § 1117 of the Lanham Act, which awards attorney's fees to defendants in cases of gross misuse of the statutory protections in which trademark holders have frivolously or maliciously attacked another entity.<sup>210</sup> Although this provision does not prevent all smaller groups from being subject to litigation, it does punish those trademark holders who bring trademark actions in bad-faith.<sup>211</sup>

In addition to this recourse, a change could be made to the application process for charitable groups filing for favorable federal tax-exempt status.<sup>212</sup> To gain this favorable tax status, new charitable organizations must fill out a lengthy application questionnaire detailing financial information, charitable goals, and specific activities.<sup>213</sup> The questionnaire also asks whether the new group owns any intellectual property, including trademarks.<sup>214</sup> Amending this questionnaire to require that any new charitable organization search its name and any other identifying mark on the U.S. Trademark registration site before proceeding with its application could help cut down on nonprofit trademark infringement.<sup>215</sup> This search requirement would provide

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<sup>208</sup> See Press Release, Susan G. Komen for the Cure, *supra* note 115 ("Susan G. Komen for the Cure has sought amicable resolutions in the forty seven trademark cases we've encountered in our 30 years; we have no interest in impeding the good work of other nonprofits.").

<sup>209</sup> See Ward, *supra* note 8, at 297 (raising the concern that smaller charities will be forced to divert all their resources away from their goals in order to defend themselves from trademark infringement claims); Press Release, Susan G. Komen for the Cure, *supra* note 17.

<sup>210</sup> 35 U.S.C. § 1117 (2006); Ward, *supra* note 8, at 325 (explaining that attorney's fees and costs are available to defendants in egregious cases in which no infringement is found).

<sup>211</sup> See 35 U.S.C. § 1117; Ward, *supra* note 8, at 325.

<sup>212</sup> See 26 U.S.C. § 501(c)(3) (2006). Federal tax law provides tax benefits to nonprofit organizations recognized as exempt from federal income tax under § 501(c)(3) of the Internal Revenue Code. *Id.* The benefits of 501(c)(3) status include exemption from federal income tax as well as eligibility to receive tax deductible charitable contributions. *Id.*

<sup>213</sup> I.R.S. Notice 1382, Changes for Form 1023, Application for Recognition of Exemption Under 501(c)(3) of the Internal Revenue Service Code 1-9 (Oct. 2006).

<sup>214</sup> See *id.* at 6.

<sup>215</sup> See *id.*

notice to groups that they might want to seek permission before using a mark to avoid a possible infringement action.<sup>216</sup>

This amendment to the 501(c)(3) application would in no way eliminate all trademark infringement, but it might scale back some infringement on the part of smaller groups, thereby reducing the number of cease and desist letters sent by larger organizations like Komen.<sup>217</sup> In turn, fewer large nonprofits would be labeled as trademark bullies and feel obligated to withdraw their potentially legitimate claims because of bad press, even when they are simply trying to maintain goodwill with established donors and carry out their laudable objectives.<sup>218</sup>

### CONCLUSION

The 2011 media storm that besieged Susan G. Komen for the Cure when it attempted to assert and defend its trademark highlights a need for trademark law amendments that apply specifically to nonprofits. The Lanham Act, designed over fifty years ago with the commercial sector in mind, did not envision large nonprofits that operate remarkably like businesses, but with vastly different goals. As a result, nonprofit trademark holders must navigate a confusing intellectual property landscape, never entirely sure whether or not the law does or should apply to them. The potential for brand tarnishment of well-established groups that are often in the position to help the greatest number of people and deserve to have their reputation protected, is great. Further, there is a strong public interest in ensuring that when people make charitable contributions, the funds reach their intended destinations and the public feels confident enough to donate again, thereby facilitating further social good.

A small amendment to the Lanham Act indicating that, in the case of nonprofits, donor confusion is not acceptable and that dilution claims are not limited to the commercial sector would not only allow charitable organizations to better protect their marks, but would also provide some much-needed clarity. As nonprofits continue to grow and are able to reach more and more citizens due to the Internet and social media, the time is ripe to revisit this issue and establish guidelines for

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<sup>216</sup> See *id.*

<sup>217</sup> See Ward, *supra* note 8, at 297 (explaining the concerns of smaller charities regarding trademark litigation and its costs); Marks, *supra* note 4.

<sup>218</sup> See Marks, *supra* note 4; Press Release, Susan G. Komen for the Cure, *supra* note 17; Bassett, *supra* note 5; *NBC Nightly News*, *supra* note 159.



these organizations, so that they can worry less about legal problems and focus more on their laudable social goals.

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