Reverse confusion actions: how conflicting court standards may affect outcomes

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Online and social media marketing make it possible for small startups to broaden their brand exposure, expanding their consumer base without bearing enormous advertising expenditures. For a small company – the first to use a particular trademark or service mark in connection with its goods or services (i.e., a "senior user") – there is a risk in today's commercial environment that a large company (the "junior user"), even unwittingly, may subsequently flood the market with a confusingly similar mark, thereby destroying any value or momentum the senior user's mark has acquired. In the world of trademark infringement, this is known as “reverse confusion” and it is actionable under the Lanham Act.

In classic "forward confusion" cases, US district courts apply similar "likelihood of confusion" tests to evaluate whether the defendant's allegedly infringing use of a mark is likely to cause confusion among relevant consumers. But a recent appellate decision confirms that when it comes to reverse confusion claims, US courts apply conflicting standards.
Courts generally recognize that claims of forward and reverse confusion are factually distinct and present distinct potential harms. In reverse confusion cases, the junior user typically does not seek to profit from the senior user's reputation. Rather, the senior user's mark is often unknown to consumers; the more dominant junior user saturates the market with a similar trademark, arguably overwhelming the senior user. If consumers mistakenly believe that the junior user is the source of the senior user's goods, the senior user can be harmed. As courts have recognized, this can harm the senior user's commercial identity, cause it to lose control over its goodwill and reputation, and impair its ability to grow.

Despite these clear differences, US courts are divided on whether a traditional, unadulterated likelihood-of-confusion analysis should apply. The debate can center around one particular factor that courts treat as critical to the likelihood of confusion analysis: "strength of the mark."

In forward confusion cases, courts assess the conceptual and commercial strength of the senior user's mark, without considering the junior user's market strength or presence. In a traditional forward confusion analysis, the stronger a senior user's mark, the broader the protection it will be afforded. Thus, a finding that the senior user's mark is "strong" can significantly favor a likelihood-of-confusion finding.

Some courts apply the same "strength of the mark" standard to reverse confusion cases. The Sixth Circuit Court of Appeals, in *Progressive Distribution Services, Inc. v. United Parcel Services, Inc.*, recently confirmed this approach, stating: "while certain circuits have adopted a different test for claims of forward and reverse confusion, the Sixth Circuit is not one of them."¹

Other courts, however, such as the Third Circuit and district courts within the Second, Fourth, Eighth, and Ninth Circuits, advocate a different approach to analyzing the "strength of the mark" factor in reverse confusion cases, which focuses on commercial strength of the junior user's mark in comparison to the senior user. The justification for altering the "commercial strength" assessment is that, unlike forward confusion claims, a conclusion that the senior user's mark is commercially weak actually supports a reverse confusion finding. Indeed, judges have characterized the relative commercial weakness of the senior user's mark as "the very foundation of reverse confusion."

For a trademark infringement claim based on reverse confusion, the outcome of the "strength of the mark" factor may depend heavily upon the circuit where the case is pending. Because the conceptual or commercial strength of a mark may dictate the scope of its protection, this factor may significantly influence the outcome of a likelihood-of-confusion analysis. This may particularly be the case when the junior user's trademarked products are different from those of the senior user.

Accordingly, when litigating reverse confusion trademark infringement claims in the US, parties and practitioners should understand whether governing authority requires a traditional likelihood-of-confusion test that focuses on commercial strength of the senior user's mark, or a modified likelihood-of-confusion test that focuses on commercial strength of the junior user's mark relative to the senior user.

Learn more about the variables around reverse confusion cases by contacting either of the authors.

¹*Progressive Distribution Servs., Inc. v. United Parcel Serv., Inc.*, 856 F.3d 416, 431 (6th Cir. 2017).

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