Hastings Communications and Entertainment Law Journal

Volume 28 | Number 1 Article 3

1-1-2005

As a Matter of Fact, It's a Question of Law: A Case for De Novo Review of Likelihood of Confusion in Trademark Cases

Richard A. Dilgren III

As a Matter of Fact, It's a Question of Law: A Case for De Novo Review of Likelihood of Confusion in Trademark Cases

by RICHARD A. DILGREN III*

I. Introduction

A stark circuit split mars the consistency of trademark infringement analyses within U.S. Circuit Courts of Appeal.[1] Every circuit engages in a fact-based analysis at the district court level to establish the requisite for a claim of trademark infringement—

* J.D. Candidate, University of California, Hastings College of the Law, 2006; B.A. University of California, Los Angeles, 2003. The author would like to include the following dedication:

"...all experience is an arch wherethrough/Gleams that untravelled world whose margin fades/For ever and ever when I move." - Tennyson, "Ulysses"

For my parents, who opened my eyes to the immensity of the world and taught me that there is always something more to learn.

1. *See Infra* notes 109-110 and accompanying text.

likelihood of confusion.[2] No circuit requires that precisely the same factors be analyzed in every trademark infringement case;[3] courts must instead determine which factors from the non-exhaustive list in that circuit are relevant.[4]

Disparity between standards of review on appeal from trial decisions places appellants at a stark disadvantage in some circuits and unnecessarily hinders the function of appellate courts by constraining their review of a substantially subjective balancing of facts.[5] Development of standards of review across the various and diverse circuits has been scattershot. Some circuits have remained constant in approach since their initial articulation of the appropriate standard of review,[6] while others have seen dramatic shifts from de novo review to clearly erroneous review.[7] The Second and Ninth Circuits, as exemplars of circuits employing de novo and essentially clearly erroneous review[8] respectively, will be the focal points of the discussion of trademark infringement tests for comparative purposes.

The Supreme Court denied certiorari to resolve this issue over the objection of Justice White in 1982,[9] but it is increasingly apparent that the circuits are settling comfortably into their divergent standards of review. Justice White wrote similar dissents to denials of certiorari after 1982, and has repeatedly stated that the Supreme Court should grant a hearing on whether likelihood of confusion is reviewable by an appellate court as a question of fact or a conclusion of law.[10]If, like underlying factual inquiries, likelihood of confusion is

2. *See, e.g.*, Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492 (2d Cir. 1961) (establishing a test similar to that employed in every circuit).

3. All circuits follow the basic *Polaroid* analysis with only slight variations. *See, e.g.*, Falcon Rice Mill Inc. v. Cmty. Rice Mill, Inc., 725 F.2d 336, 345 (5th Cir. 1984) (analyzing identity of retail outlets, purchasers, and advertising media); Piper Aircraft Corp. v. Wag-Aero, Inc., 741 F.2d 925, 934 (7th Cir. 1984) (rephrasing *Polaroid* factors). Not all of the factors need be considered, and some circuits hold a single factor to be dispositive. Kellog Co. v. Pack'em Enters., 951 F.2d 330, 332 (Fed. Cir. 1991).

4. *Kellog*, 951 F.2d at 332.

5. *See infra* Part III.

6. The Second Circuit, for example, has employed the same standard of review since Plus Products v. Plus Discount Foods, Inc., 722 F.2d 999 (2d Cir. 1983).

7. *See infra* note 66 and accompanying text.

8. "Essentially" clearly erroneous review because likelihood of confusion is still called a mixed question of law and fact, but appellate courts are instructed to uphold the decision of the district court in cases where facts are in dispute in absence of clear error, despite the fact that the conclusion of law does not flow directly from the facts, but from a subjective balancing thereof.

9. Elby's Big Boy of Steubenville, Inc. v. Frisch's Rests., Inc., 459 U.S. 916, 916 (1982).

10. *Id.*

a question of fact, appellate courts would review it under a clearly erroneous standard; if it is a conclusion of law, a de novo standard would apply. As the body of case law solidifying the propriety of de novo review in some circuits and clearly erroneous review in others develops, it becomes more apparent that the Supreme Court will have to address the disparate treatment among the circuits.

De novo review is the appropriate standard of review for determinations of likelihood of confusion for several reasons. Jurisdictions requiring appellate courts to evaluate likelihood of confusion as if it were a question of fact ignore the subjective nature of the balancing test.[11] Likelihood of confusion requires findings of fact on relevant underlying issues, but these factual findings must be weighed against each other by a judge before likelihood of confusion can be established.[12]

Since the facts underpinning the district court's decision are laid out in the opinion of every trademark infringement case, the multi-factor balancing approach required to answer the legal question of likelihood of confusion is structurally ideal for appellate review.[13] Precisely because each district court must so painstakingly and explicitly explain its rationale, the appellate court is situated perfectly to reevaluate the subjective determination made by the district court to ensure proper application of law.

II. Establishing Trademark Infringement

"The function of a [trade]mark is to identify and distinguish the goods or services of one seller from those sold by all others."[14] At common law, trademark infringement analysis begins with a preliminary determination of whether the products using the trademark were in direct competition.[15] The original trademark infringement test for competing goods was whether the marks were confusingly similar.[16] Case law in many circuits, including the Second and Ninth, abrogates the need for the initial common law inquiry. In such circuits, the non-competing good analysis applies to all infringement cases, whether or not the products compete.[17] This

11. *See infra* note 74 and accompanying text.

12. *Supra* note 3.

13. *Infra* Part IV.B.

14. J. THOMAS MCCARTHY, 2 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, §§ 12:1, 12-4 (4th ed. 2004).

15. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21 (1995).

16. *Id.*

17. *See, e.g.*, Thompson Med. Co. v. Pfizer, Inc., 753 F.2d 208 (2d Cir. 1985); J.B.

discussion focuses on the appellate standard of review for trademark infringement in circuits applying the same analysis to competing and non-competing products and, where the circuit employs different analyses for competing and non-competing products, those cases involving non-competing products.

At present, trademark infringement analysis in this context focuses on the perspective of the potential or real consumer. Common law, most state statutes, and the Lanham Act use likelihood of confusion as the standard for trademark infringement.[18] Infringement exists when an "appreciable number of ordinary prudent purchasers will be misled, or indeed simply confused, as to the source of the goods in question."[19] Since infringement focuses on the probability that consumers *will* be confused, plaintiffs are not required to demonstrate that consumers are actually confused, only that people are likely to be confused.[20]

A. Likelihood of Confusion in The Second Circuit

The seminal case on trademark infringement in the Second Circuit is *Polaroid Corp. v. Polarad Electronics Corp.*[21] Under *Polaroid*, likelihood of consumer confusion is based on eight non-exclusive factors[22]: (1) strength of the mark, (2) degree of similarity between the marks, (3) proximity of the products, (4) likelihood of direct future competition, (5) actual confusion, (6) reciprocal of the defendant's good faith in adopting its own mark, (7) the quality of the subsequent user's product, and (8) the sophistication of consumers.[23] The Second Circuit does not apply every factor to each case of alleged infringement.[24] Since establishing the *Polaroid* test, the Second Circuit has explained that the *Polaroid* factors are non-exclusive and "should not be applied 'mechanically.'[25] No single factor is dispositive, and cases may certainly arise where a factor is irrelevant to the facts at hand."[26] A district court judge must, however,

---

Williams Co. v. Le Conte Cosmetics, Inc., 523 F.2d 187, 192 (9th Cir. 1975).

18. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21; 15 U.S.C. § 1125(a)(1)(A) (2004).

19. Perini Corp. v. Perini Constr., Inc., 915 F.2d 121, 127 (4th Cir. 1990).

20. *See, e.g.* Wynn Oil Co. v. Thomas, 839 F.2d 1183, 1186 (6th Cir. 1988).

21. 287 F.2d 492, 495 (2d Cir. 1961).

22. The eight factors for analyzing likelihood of confusion in trademark infringement cases will hereinafter be referred to as the "*Polaroid* factors."

23. 287 F.2d 492, 495.

24. Arrow Fastener Co. v. The Stanley Works, 59 F.3d 384, 400. (2d Cir. 1995).

25. *Id.*

26. *Id.*; *See also* Orient Express Trading Co., Ltd. v. Federated Dep't Stores, Inc., 842

deliberately review each factor and explain why a factor is inapplicable, if that is the case.[27]

In *Polaroid*, the Polaroid Corporation ("Polaroid") brought an unfair competition action alleging trademark infringement against Polarad Electronics Corporation ("Polarad").[28] Polaroid is a maker of photographic and optical equipment, and Polarad produces components for and products associated with televisions.[29] The district court held that there was no likelihood of confusion in this case, resting its decision largely on the fact that the two companies were not in the same markets, and were not, as such, likely to be confused for one another.[30] This holding was upheld by the Court of Appeals for the Ninth Circuit.[31] The significance of *Polaroid* is not found in its holding, but rather in the list of the factors it lays out as germane to likelihood of confusion for the purpose of finding trademark infringement.

B. Review of Likelihood of Confusion in the Second Circuit

The Second Circuit deals with likelihood of confusion as a mixed question of law and fact.[32] District courts review each of the *Polaroid* factors, which are factual inquiries, under a clearly erroneous standard.[33] In this aspect of the analysis, the approach of the Second Circuit is substantially similar to that employed by the Ninth Circuit. Both circuits apply a clearly erroneous standard to review of the facts underlying the determination of likelihood of confusion.[34]

The difference in approaches between the circuits becomes apparent once the appellate court reaches the ultimate issue of likelihood of confusion.[35] The approach of the Second Circuit affords wide latitude to appellate judges in determining the weight appropriately afforded to each of the district court's findings of underlying fact.[36] It is clear that in the Second Circuit, the Court of

F.2d 650, 654 (2d Cir. 1988) (stating that district courts do not have to "slavishly recite the litany of all eight Polaroid factors in each and every case").

27. *Id.*

28. *Polaroid*, 287 F.2d 492, 493.

29. *Id.* at 494-95.

30. Polaroid v. Polarad, 182 F. Supp. 350, 356 (E.D.N.Y., 1960).

31. AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 350 (9th Cir. 1979).

32. *Plus Products*, 722 F.2d at 1004.

33. *Id.*

34. Compare J.B. Williams Co., Inc. v. Le Conte Cosmetics, Inc., 523 F.2d 187 (9th Cir. 1975) and Plus Products, 722 F.2d at 999.

35. *Infra* p. 114.

36. *Plus Products*, 722 F.2d at 1004-05.

Appeals has plenary power to review "the relative weight given to each of [the district court's] findings."[37]

Plus Products v. Plus Discount Foods, Inc. effectively illuminates the approach to likelihood of confusion review employed by appellate courts in the Second Circuit.[38] At the district court level, Plus Products ("Products"), as the senior user of the "Plus" mark, successfully enjoined Plus Discount Foods, Inc. ("Discount Foods") from using the word "plus" on its stores and products unless the word "foods" was added to the logo in the same size and style.[39] Products was a company in the business of selling high quality vitamins and minerals, skin creams and other beauty products, spices and cooking oils at a premium price.[40] Discount Foods was a chain of "bargain basement" grocery stores that originated in Germany and sold its own and other brand products.[41] Discount Foods' product packaging was labeled with the word "PLUS" surrounded by a blue and orange border and labeled with the word.[42] Products' logo consisted of the word "PLUS" in block letters, and contained a plus symbol over a red dot inside the loop of the "P."[43]

As in all infringement cases, the appellate court recognized that "the crucial issue [was] 'whether there [was] any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused as to the source of the goods.'"[44] To determine whether there was a likelihood of confusion, the district court made a determination on the issue of likelihood of confusion by analyzing and weighing the *Polaroid* factors.[45] The district court also "comprehensively set out and scrutinized each of the *Polaroid* factors," none of which were found to be clearly erroneous on appeal.[46] The Court of Appeals for the Second Circuit still reversed the decision of the district court in part because it disagreed with the weight accorded several factors, and remanded the case to the lower court for entry of judgment and modification of the injunction previously issued.[47]

37. *Id.*
38. *See generally id.*
39. *Id.* at 1001.
40. *Id.* at 1002.
41. *Plus Products*, 722 F.2d at 1003.
42. *Id.*
43. *Id.*
44. *Id.*
45. *Id.* at 1004.
46. *Id.* at 1005.
47. *Plus Products*, 722 F.2d at 1009.

Appellate courts in the Second Circuit have free reign to reevaluate the legal conclusions of the district courts with respect to likelihood of confusion.[48] This authority to review the conclusion of law that is dispositive on the issue of trademark infringement exists completely divorced from any requirement that the parties stipulate to the facts of the case. *Plus Products v. Plus Discount Foods, Inc.*[49] is a clear example of the markedly different approach taken by the Second Circuit as compared to the Ninth in appellate review of the likelihood of confusion.

C. Likelihood of Confusion in the Ninth Circuit

Consistent with likelihood of confusion analysis nationwide, the Ninth Circuit employs a multi-factor balancing test for determining whether there is a likelihood of confusion between the uses of two marks.[50] The preeminent Ninth Circuit authority for factors considered in likelihood of confusion analyses is *AMF, Inc. v. Sleekcraft Boats*.[51] Consistent with the opinion in that case, Ninth Circuit courts consider the following factors to assess likelihood of confusion: (1) the strength of the mark, (2) the similarity of the marks, (3) the marketing channels employed by the parties, (4) the proximity the goods in the marketplace, (5) the type of goods and the likely degree of scrutiny that a reasonable consumer would apply to determining the product's source, (6) intent in selecting the mark, (7) actual confusion, and (8) the probability the trademark owner will expand into the new user's market.[52]

In *Sleekcraft*, both the AMF, Inc. ("AMF") and Sleekcraft Boats ("Sleekcraft") manufactured boats for recreational use.[53] AMF sued Sleekcraft alleging trademark infringement of its "Slickcraft" line of boats, and argued that consumer confusion was likely because of the extreme similarity of the two producers' trade names.[54] Sleekcraft argued that it was unaware of the "Slickcraft" line of boats when it established its own separate, but similar, name.[55] The trial court held that consumer confusion was unlikely.[56] On appeal, the court re-

48. *Id.* at 1004.
49. *Id.*
50. *Sleekcraft*, 599 F.2d at 348-49.
51. *Id.*
52. *Id.*
53. *Id.* at 345.
54. *Id.*
55. *Sleekcraft*, 599 F.2d at 345.
56. *Id.* at 348.

assessed the likelihood of confusion factors and found that "Sleekcraft" and "Slickcraft" were likely to cause consumer confusion because they were so similar.[57] Sleekcraft was required to place its own unique logo on all marketing and promotional materials to obfuscate consumer confusion.[58]

D. Review of Likelihood of Confusion in the Ninth Circuit

The standard of review for likelihood of confusion in the Ninth Circuit was in a state of flux for years.[59] Courts waffled between de novo-like review and a clearly erroneous standard.[60] In 1975, the Second Circuit finally reached a semblance of consistency. The opinion in *J. B. Williams Co., Inc. v. Le Conte Cosmetics, Inc.*[61] established a dichotomous test for likelihood of confusion review that hinges on whether the facts are stipulated at trial.[62] *Sleekcraft* is the widely-cited opinion that established the *Williams* test as the definitive standard for the Ninth Circuit.

Since *Williams* and *Sleekcraft*, the Ninth Circuit has reviewed likelihood of confusion essentially as a question of fact unless the facts are stipulated at trial.[63] The precise standard articulated in the *Sleekcraft* case is as follows: "To the extent that the conclusion of the trial court is based solely upon disputed findings of fact, the appellate court must follow the conclusion of the trial court unless it finds the underlying facts to be clearly erroneous."[64] This line of reasoning in the Ninth Circuit attempts to draw a parallel between review of a conclusion of law based on facts and reviewing the underlying facts themselves. The problem with this parallelism, as will be discussed later at length,[65] is that likelihood of confusion does not flow directly from factual findings, but from a balancing thereof.

---

57. *Id.* at 354.

58. *Id.* at 348.

59. *Id.* at 347 (citing J. THOMAS MCCARTHY, 2 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:23 (1973)) ("Even within some of the circuits, no consistency is observed, with the court switching from one test to the other, apparently depending upon the court's initial proclivity to reverse or affirm").

60. *Id.* at 347 n.12 ("Compare: Fleischmann Distilling Corp. v. Maier Brewing Co., 314 F.2d 149 (1963) (Court of Appeals can reweigh decision on confusion) with Norm Thompson Outfitters, Inc. v. General Motors Corp., 448 F.2d 1293 (1971) (Court of Appeals must adhere to clearly erroneous rule).").

61. 523 F.2d 187 (asserting that the court reviews likelihood of confusion as a question of law de novo in cases where the facts are stipulated.)

62. *Sleekcraft*, 599 F.2d at 347.

63. *Id.*; *Williams*, 523 F.2d at 187

64. *Alpha*, 616 F.2d at 443.

65. *See infra* Part IV.A.

Even within the Ninth Circuit, application of the *Williams/Sleekcraft* standard has not been wholly consistent since its formulation. The Court of Appeals for the Ninth Circuit has, in some cases, seen fit to review the weight afforded to individual factors in the likelihood of confusion analysis despite the fact that the case on appeal disputed only factual findings. In 1980, the court reviewing likelihood of confusion in *Alpha Industries v. Alpha Steel Tubes & Shapes, Inc.* decided to review the issue of likelihood of confusion de novo.[66] The appellant sought to have Alpha Steel enjoined from using "Alpha Steel" as a trade name, arguing that the use of the term "Alpha," even in conjunction with "Steel Tubes & Shapes," was confusingly similar to the plaintiff's trademarked "Alpha" brand.[67] Alpha, Inc. lost its case at the district court level and challenged only the factual findings of the court below in its appeal.[68] The circuit court reviewed the district court's findings of fact under a clearly erroneous standard and the question of likelihood of confusion de novo as a question of law.[69] It is irrelevant that the appellate court upheld the ruling of the district court.[70] The primary significance of the *Alpha Industries* case is clear: under the *Sleekcraft* and *Williams* decisions, ostensibly the court should never have reached the issue of likelihood of confusion. The supposed rule in the Ninth Circuit is that unless an appellate court finds underlying facts in a case clearly erroneous, it must follow the decision of the district court.[71] Here, the court on appeal reached the issue of likelihood of confusion despite the fact that it found no error in the findings of the district court.[72]

The *Alpha Industries*[73] decision highlights the fundamental uncertainty surrounding the Ninth Circuit's "bright line" rule for review of likelihood of confusion. The words of the *Williams* standard of review are confusing in their own right: "[w]hether likelihood of confusion is more a question of law or one of fact depends on the circumstances of each particular case."[74] Articulating the Ninth Circuit's standard of review in this way is either misleading, or the

66. *Alpha*, 616 F.2d at 444.
67. *Id.* at 443.
68. *Id.* at 442.
69. *Id.* at 443.
70. *Id.*
71. *Alpha*, 616 F.2d at 443.
72. *Id.* at 446.
73. *See generally id.*
74. *Williams*, 523 F.2d at 190.

proposition *Williams* stands for has been misapplied.[75] Under *Williams*, likelihood of confusion is *always* a question of law reviewed de novo. Insofar as a case on appeal involves only factual disputes, appellate courts are discouraged from reaching the ultimate issue of likelihood of confusion on review.[76]

In support of the contention that likelihood of confusion should be dealt with as a fact-driven analysis, the Court of Appeals for the Ninth Circuit noted in *Williams* that it "has refused on many occasions to decide de novo the facts underlying the trial court's determination of whether likelihood of confusion existed."[77] By repeatedly citing[78] to this language, Ninth Circuit courts seem to be asserting that disrupting the weight afforded facts in the likelihood of confusion analysis disrupts some property of the finding of fact itself.

III. The Significance of Disparate Standards of Review

A party who wishes to appeal the decision of a district court is at a distinct advantage in circuits where the appellate court can review both the ultimate conclusion and the weight afforded the various underlying facts.[79] The Ninth Circuit essentially binds the hands of appellate judges in cases where one party or another disputes the facts.[80] The court on appeal reviews the lower court's findings of fact for clear error.[81] Absent clear error in fact, the appellate court is instructed by precedent to uphold the decision made by the district court.[82] To compound the problem, the *Williams* holding is unclear, and could easily engender misapplication of the Ninth Circuit's rule for reviewing likelihood of confusion.[83]

---

75. *Id.*

76. *Id.*

77. *Id.*

The court supported this assertion with the following cases: Carter-Wallace, Inc. v. Procter & Gamble Co., 434 F.2d 794, 799 (9th Cir. 1970); Paul Sachs Originals Co. v. Sachs, 325 F.2d 212, 214 (9th Cir. 1963); Plough, Inc. v. Kreis Labs., 314 F.2d 635, 641 (9th Cir. 1963).

78. See, e.g., *Alpha,* 616 F.2d at 443.

79. In the Second Circuit, appellate courts review de novo the ultimate conclusion of law and the weight given to the underlying facts. *See, e.g. Plus Products,* 722 F.2d at 999.

80. Ninth Circuit precedent, however, directs judges to uphold the rulings of the district court judge unless the parties stipulate to the facts. *See, e.g., Sleekcraft,* 599 F.2d at 347.

81. *See generally id.*

82. *Alpha*, 616 F.2d at443.

83. There is language in the *Williams* opinion that indicates that even the ultimate conclusion of law as to likelihood of confusion should sometimes be treated as an issue of fact. See *Williams*, 523 F.2d at 190 ("whether . . . more a question of law or one of fact depends on the circumstances . . . .").

As a result of the jurisprudential application of the *Sleekcraft* standard, appellants are placed in the untenable position of choosing between disputing facts found by the district, thus sacrificing de novo review in the event the appellate court does not find those facts clearly erroneous, and challenging only the conclusion of law, knowing that the appellate court may well reach the same conclusion as the district court in the absence of new evidence.[84]

IV. A Case for De Novo Review

A. The Ninth Circuit's Faulty Rationale

The theory underpinning the Ninth Circuit's standard of review is fundamentally unsound. Two tenuous rationales support the circuit's fairly consistent policy of upholding at the appellate level district court findings on the issue of likelihood of confusion in cases involving factual dispute. The first of these rationales is that where the district court did not err with regard to the truth of a finding of fact, it also afforded appropriate weight to that fact.[85] The second flawed rationale is that by reviewing likelihood of confusion de novo, an appellate court upsets findings of fact which must be reviewed for clear error.[86]

Trademark infringement is established in every circuit by applying a multi-factor balancing test to determine whether there is a likelihood of confusion.[87] To the extent that the facts of a case must not only be found, but also weighed,[88] a substantially human element is introduced into an otherwise fact-driven process. While findings of fact are appropriately reviewed for clear error in every circuit, likelihood of confusion is not fact-driven enough to obfuscate the need for genuine, plenary review by appellate courts.[89] To the extent that Ninth Circuit precedent is followed, where no error with respect to the facts of a case exists, appellate courts are instructed to uphold the district court's balancing.[90] This removes genuine review of the

84. *See supra* Part II.D.

85. This rationale is never explicitly given, but follows from *Alpha*, 616 F.2d at443, (stating that "to the extent that the conclusion of the trial court is based solely upon disputed findings of fact, the appellate court must follow the conclusion of the trial court unless it finds the underlying facts to be clearly erroneous").

86. *Sleekcraft*, 599 F.2d at 345.

87. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21.

88. *Id.*

89. *Sleekcraft*, 599 F.2d at 347 n.12.

90. *Id.*

ultimate legal conclusion from the province of the Circuit Courts, relegating them instead to the position of nurse-maids policing fact-finding for clear error.

The Second Circuit recognizes the value of de novo review of likelihood of confusion. *Plus Products*[91] and later cases in the Second Circuit impliedly recognize the value of meaningful review on a conclusion of law that contains substantial human element and consistently distinguish between that conclusion of law and its underlying issues of fact.[92] *Plus Products* and its progeny permit Courts of Appeal for the Second Circuit to engage in meaningful review of the ultimate legal conclusion of likelihood of confusion by looking to the weight assigned by district court judges to each of the relevant *Polaroid* factors.[93] This process ensures that the function of appellate courts, review of questions of law, is preserved and promoted.[94]

Perhaps the Ninth Circuit is attempting to make the likelihood of confusion calculus seem automatic, and therefore more legitimate, by ignoring the substantially subjective weighing of facts in each case by a human judge.[95] The reasoning contained in the *Williams* opinion, that the court often refuses to review de novo the facts underlying a likelihood of confusion,[96] improperly equates an ultimate finding of likelihood of confusion with the preliminary findings of fact that buttress it. Findings of fact by a district court are in no way disrupted by appellate review of whether appropriate weight was afforded each factor in the likelihood of confusion balancing. De novo review of the ultimate conclusion of likelihood of confusion, insofar as appellate courts are required to accept the district court's findings of fact absent clear error, does not disrupt the function of the lower court or appreciably add to the burden on the appellate court.

91. *Plus Products*, 722 F.2d at 1003.

92. For an example of a later case recognizing the value of plenary review, *see, e.g., Arrow Fastener,* 59 F.3d at 399-400.

93. *Plus Products*, 722 F.2d at 1003.

94. *Arrow Fastener*, 59 F.3d at 400 (noting that purposeful application of the *Polaroid* factors is helpful to appellate courts "for the performance of their assigned task of review").

95. Assuming that if a finding of fact is correct, it follows that it was applied appropriately in a judge's balancing ignores the potentially flawed human element from the equation.

96. *Sleekcraft*, 599 F.2d at 345.

B. De Novo Review as Structurally Ideal Because of the Requisite Multi-Factor Analysis in the District Court

Circuit Judge Cabranes included a subtle argument for de novo review of likelihood of confusion in his opinion in *Arrow Fastener Co. v. The Stanley Works*.[97] Judge Cabranes pointed out that the multi-factor approach set out by Judge Friendly in *Polaroid* requires district courts to analyze the *Polaroid* factors in a careful, consistent manner.[98] If the district court properly applies the multi-factor test, the appellate body has an ideal body of information from which to discern whether the lower court's application of law was proper.[99] Failure to weigh every factor relevant to the likelihood of consumer confusion constitutes reversible error.[100] Given the district court's burden to not only analyze, but articulate its rationale for its decisions in the realm of likelihood of confusion, appellate courts have a distinct advantage when it comes time to review conclusions of law.[101] To employ, for a moment, the precise words of Judge Cabranes, "litigants are entitled to the illumination and guidance [that applying the *Polaroid* factors] affords, and appellate courts depend on it for the performance of their assigned task of review."[102]

Whether by stipulation or findings of fact by a lower court, appellate courts always have a set of facts presumed true to work from. Where facts are in dispute, the burden is on the appellant to demonstrate clear error by the district court before that presumption is overcome.[103]

Even the Ninth Circuit has recognized that in cases where the facts are stipulated, the appellate court is "in as good a position as the trial judge to determine the probability of confusion."[104] The interesting contradiction in the approach of the Ninth Circuit is as follows: insofar as a district court properly exercises its duty to act as a finder of pertinent fact, the appellate court is *always* in as good a position as the trial judge to determine the probability of confusion.[105]

---

97. *Arrow Fastener*, 59 F.3d at 400.

98. *Id.*

99. *Id.*

100. *See, e.g.*, Beer Nuts Inc. v. Clover Club Foods Co., 711 F.2d 934, 942 (10th Cir. 1983).

101. *Arrow Fastener*, 59 F.3d at 400.

102. *Id.*

103. *See, e.g., Plus Products*, 722 F.2d at 1004-05; *Sleekcraft*, 599 F.2d at 347.

104. *Williams*, 523 F.2d at 190.

105. Where the district court does not properly analyze the relevant facts, the case is reversed and remanded. *See supra* note 100 and accompanying text.

Courts of appeal are not, of course, well situated to act as finders of fact. Likelihood of confusion determinations, however, require no factual findings because the facts are presented to the appellate court either by the district court or, in some cases, by the parties themselves. The conclusion of law with respect to likelihood of confusion does not flow directly from the facts presented, but from a subjective balancing of those facts.[106] For this reason, even the Ninth Circuit has recognized that appellate courts are equally situated to determine likelihood of confusion in cases where the facts are stipulated; it is unreasonable to presume appellate courts are less capable of balancing likelihood of confusion when presented with facts by the lower court rather than the parties.[107]

V. Broader Policy Application

Just as appellate review within the Ninth Circuit itself was a jumbled, incoherent morass of contradictory messages, so appears precedent for standard of review on the issue of likelihood of confusion on the national level.[108] The Second, Third, Sixth, Eighth, Ninth, and Federal Circuits all deal with likelihood of confusion as a question of law, at least where the facts are stipulated.[109] Other circuits review likelihood of confusion as a question of fact, or as so substantially driven by questions of fact as to be indistinguishable from them.[110]

Looking at this broad and obvious split in the circuits, Justice White's dissent to the denial of certiorari in *Elby's Big Boy* seems eminently reasonable.[111] To preserve equitable application of trademark law across the various circuits, the Supreme Court will have to address this issue at some point.[112] Since there are apparently

106. *Plus Products*, 722 F.2d at 1004-05.

107. This presumption must exist in the Ninth Circuit, otherwise *Sleekcraft* would not require appellate judges to uphold a district court judge's conclusion of law absent clear error where facts are disputed.

108. *See Alpha*, 616 F.2d at 444, as compared to *Sleekcraft*, 599 F.2d at 346.

109. *See, e.g., Plus Products,* 722 F.2d at 1004-05 (2d. Cir. 1983); Kos Pharmaceuticals, Inc. v. Andrix Corp., 369 F.3d 700 (3d Cir. 2004); Elby's Big Boy of Steubenville, Inc. v. Frisch's Restaurants, Inc., 670 F.2d 642 (6th Cir. 1982); Frito Lay, Inc. v. So Good Potato Chip Co., 540 F.2d 927 (8th Cir. 1976); *Sleekcraft*, 599 F.2d at 346 (9th Cir. 1979); Kenner Parker Toys, Inc. v. Rose Art Indus. Inc., 963 F.2d 350, 352 (Fed. Cir. 1992).

110. To the extent that likelihood of confusion requires both a balancing and a "trip into the mind" of the average consumer, it does not seem appropriate to deal with it as a finding of fact.

111. 459 U.S. 916.

112. *Id* (White, J. dissenting).

functioning standards of review in each circuit, the need for certiorari to the Supreme Court may not be pressing, but the application of the law from jurisdiction to jurisdiction will increase the impetus to resolve the split over time. The simple fact that turmoil exists within the individual circuits[113] is evidence of the obvious need for a final word on the proper standard of review in likelihood of confusion cases.

VI. Conclusion

Trademarks are important tools used to efficiently inform consumers about the source or origin of products in the marketplace.[114] Infringement on a trademark is demonstrated by a showing that there is a likelihood that reasonably prudent purchasers will be confused about the source or origin of a product as a result of the junior user's actions in marking their own product.[115] A showing of likelihood of confusion requires balancing a substantially similar list of factors in every circuit;[116] since the test for establishing infringement is the same in each circuit, so too should be the standard under which the allegation of infringement is reviewed.

Likelihood of confusion is an analysis that is structurally perfect in design for appellate review.[117] District courts are required to set out their findings of fact on each factor of the likelihood of confusion test and explain the relative weight afforded each.[118] Failure to set out findings of fact is reversible error; this procedural safeguard protects the integrity and completeness of district court opinions on likelihood of confusion.[119] The Second Circuit has appropriately recognized the value of de novo review in trademark infringement cases.

The Court in *Arrow Fastener* pointed out that "only when the Polaroid factors are applied consistently and clearly over time that the distinctions between different factual configurations can emerge."[120] The point here is simple: in order to develop a rich and clear body of case law in the area of trademark infringement, factors

113. *See Alpha*, 616 F.2d at 444, as compared to *Sleekcraft*, 599 F.2d at 346.

114. J. THOMAS MCCARTHY, 2 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 12:1, 12-4 (4th ed. 2004).

115. *Perini*, 915 F.2d at 127 (4th Cir. 1990).

116. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21 (1995).

117. *See supra* Part IV.B.

118. *Id.*

119. *Arrow Fastener*, 59 F.2d at 400.

120. *Arrow Fastener*, 59 F.2d at 400.

need to be applied consistently. It is the function of appellate courts to ensure that consistency.[121]

In the Second Circuit, appellate courts engage in plenary review of likelihood of confusion.[122] De novo review on appeal takes advantage of the onerous analysis required of district courts in these cases and ensures that likelihood of confusion is applied equitably throughout the Circuit. Second Circuit decisions evidence none of the confusion that appears in the Ninth Circuit with respect to appropriate standard and scope of review.[123] De novo review is simply applied and has multifarious benefits. The *Polaroid* factors should remain findings of fact,[124] but on the ultimate issue of likelihood of confusion, de novo review is the proper standard and should be applied throughout the circuits.

121. *Id.*
122. *Plus Products*, 722 F.2d at 1004-05.
123. *See Alpha*, 616 F.2d at 443, *supra* note 71.
124. 287 F.2d at 495.