

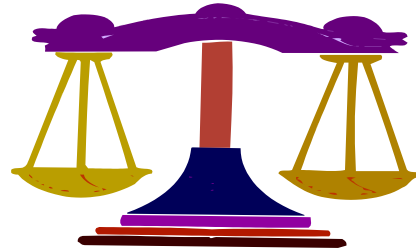
K.P. VS. LASTING IMPRESSION, AND MCN INTERNATIONAL, INC.

NO. 03-409; 124 S.CT. 981

Oral Argument: 10 AM, October 5, 2004

Petitioner's reply brief due August 23, 2004





CHARLES C.H. WU, ESQ.
COUNSEL OF RECORD
WU & CHEUNG, L.L.P.
7700 IRVINE CENTER DRIVE #710
IRVINE, CALIFORNIA 92618
WWW.WCLAWYERS.COM
TEL: 949-251-0111 // FAX: 949-251-1588
E-MAIL: CCHWU@WCLAWYERS.COM
ATTORNEYS FOR RESPONDENTS
LASTING IMPRESSION AND
MCN INTERNATIONAL, INC.



QUESTION BEFORE THE U.S. SUPREME COURT

Does the classic fair use defense require the party asserting the defense to demonstrate an absence of likelihood of confusion, as is the rule in the 9th Circuit, or is Fair Use an absolute defense, irrespective of whether or not confusion may result, as is the rule in other Circuits?



RESPONDENTS' QUESTION BEFORE THE U.S. SUPREME COURT

Whether an incontestable trademark can be “used fairly” within the meaning of 15U.S.C. 1115(b)(4), by a competitor of the trademark owner where the competitor commercially uses the trademark in connection with its own similar goods, and that use is likely to lead consumers to confuse the competitor’s goods with the trademark owner’s goods.

15 U.S.C. 1115(b)(4)

1115. Registration on principal register as evidence of exclusive right to use mark; defenses

.....

(b) Incontestability; defenses

.....

That the use of the name, term, or device charged to be an infringement is a use, **otherwise than as a mark**¹, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is **descriptive of**² and used **fairly and in good faith**³ only to describe the goods or services of such party, or their geographic origin; or



1115(b)(4) DEFENSE ELEMENTS:

1. NOT AS A TRADEMARK
2. DESCRIPTIVE USE
3. USED FAIRLY AND IN GOOD FAITH

FACTUAL BACKGROUND

PERMANENT COSMETIC INDUSTRY

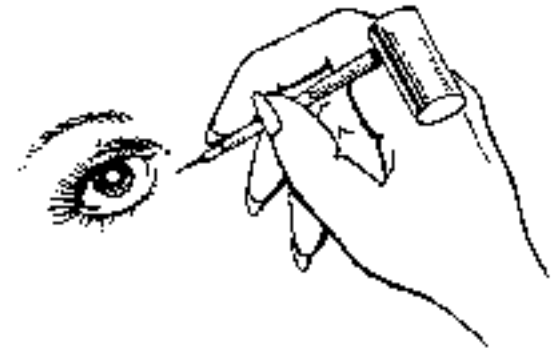
Lasting and KP sell liquid pigments that are injected into a person's skin. The pigment alters the hue of the skin.

M MICRO-COLORS® Pigment



Permanent makeup can accentuate and improve definition of eyes, eyebrows and lips.

This medically developed procedure is a method of implanting color pigment into the skin to create lasting cosmetic effects and esthetics. Permanent makeup can be soft or as dramatic as wanted.



Why use permanent makeup?

- Permanent makeup gives you the freedom to swim, shower, exercise or even cry without the worry of makeup smearing or washing off.
- Permanent makeup allows you the option to enhance your natural features or to create a dramatic effect. The choice is yours.
- For the busy woman-on-the-go, permanent makeup saves time and money while giving a glamorous look without the daily makeup hassle.

Permanent makeup is ideal for people with poor eyesight, unsteady hands, confinement to bed and other handicaps that make it difficult or impossible to apply makeup properly. Now you can look your best all day, everyday!



Permanent makeup is perfect for the woman who is allergic to cosmetics on the market. Also some commercial makeup or certain brands may be irritating to eyes and facial skin.

EXHIBIT 5
PAGE 2 OF 4

000059

LASTING'S FEDERAL REGISTRATION

In 1992 Lasting filed an application with the USPTO for its "MICRO COLORS" trademark. On May 11, 1993, the USPTO registered the Micro Colors trademark.

Int. Cl.: 2

Prior U.S. Cl.: 6

United States Patent and Trademark Office **Reg. No. 1,769,592**
Registered May 11, 1993

TRADEMARK
PRINCIPAL REGISTER



LASTING IMPRESSION I, INC. (NEW JERSEY CORPORATION)
237 LIBERTY RD.
ENGLEWOOD, NJ 07631

FOR: COLOR PIGMENTS, IN CLASS 2 (U.S. CL. 6).
FIRST USE 3-16-1992; IN COMMERCE 4-10-1992.

NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE "COLORS", APART FROM THE MARK AS SHOWN.

THE DRAWING IS LINED FOR THE COLOR GREEN.

SER. NO. 74-280,488, FILED 6-1-1992.

ODETTE BONNET, EXAMINING ATTORNEY

IN 1999, THE USPTO ACCORDED THE "MICRO COLORS" TRADEMARK INCONTESTABLE UNDER 15 USC 1065

4

UNITED STATES DEPARTMENT OF COMMERCE PATENT AND TRADEMARK OFFICE

✓ Registrant: Lasting Impression I, Inc., a New Jersey Corporation
✓ Mark: MICRO COLORS
✓ Registration No: 1769592
✓ Registration Date: 5/11/93
✓ International Class No: 002



Assistant Commissioner for Trademarks
2900 Crystal Drive
Arlington, VA 22202-3513

02-01-1999
U.S. Patent & TMOfo/TM Mail Rcpt Ct. #99

COMBINED AFFIDAVIT OF USE AND INCONTESTABILITY Under Sections 8 & 15 of The Trademark Act of 1946, as amended

✓ Darlene Story being hereby warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of this document, declares that Lasting Impression I, Inc., a New Jersey Corporation, owns the above identified registration, issued 5/11/93, as shown by records in the Patent and Trademark Office; that the mark shown therein has been in continuous use in interstate commerce for five consecutive years from the date of registration or the date of publication under Section 12(c)(6) to the present, on or in connection with all of the goods and/or services identified in the registration as evidenced by the attached specimen(s) showing the mark as currently used; that there has been no final decision adverse to registrant's claim of ownership of such mark for such goods or services, or to registrant's right to register the same or to keep the same on the register; that there is no proceeding involving said rights pending and not disposed of either in the Patent and Trademark Office or in the courts; and that all statements made of his/her own knowledge are true and all statements made on information and belief are believed to be true.

✓ Lasting Impression I, Inc.,
a New Jersey Corporation
24 West Sheffield Ave.
Englewood, NJ 07631-

By: 
Darlene Story, President

Date: 4/27/99



HOW THIS CASE GOT STARTED?

IN JAN, 2000, A CEASE AND DESIST LETTER WAS SENT TO K.P. PERMANENT MAKE-UP REQUESTING IT CEASE USE OF THE TERM “microcolor” ON ITS MARKETING AND ADVERTISING MATERIALS AND PIGMENT BOTTLES

KP'S 3 USAGES OF THE "MICROCOLOR" TERM

- 1. On its seminar flyer
- 2. Allegedly on its pigment bottles
- 3. On its tri-fold marketing brochure

KP'S DECLARATORY RELIEF ACTION FILED IN MARCH, 2000

Michael Machat
Attorney at Law
433 N. Camden Drive, Suite 730
Beverly Hills, CA 90210
(310) 860-1833

Attorney for Plaintiff
K.P. Permanent Make-Up, Inc.

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

K.P. PERMANENT MAKE-UP, INC.,)
)
Plaintiff,)
)
v.)
)
LASTING IMPRESSION, INC. and MCN)
INTERNATIONAL, INC.,)
)
Defendants.)
)
)
)
)
)

CASE NO: SACV 00276 GLT (E)
COMPLAINT FOR DECLARATORY RELIEF
Plaintiffs Demand Jury Trial

JURISDICTION AND VENUE

1. Plaintiff K.P. Permanent Make-Up, Inc. (hereinafter referred to as KP) brings this action for declaratory relief pursuant to 28 U.S.C. Section 2201, for the purposes of determining a question of actual controversy between the parties arising out of defendants claims and threats of litigation concerning the commercial use of the generic terms micropigmentation, microcolor and the phrase "MICRO COLOR" which the defendants may have fraudulently obtained a US Trademark registration no. 1,769,592 contrary to the Lanham Act.

2. Jurisdiction is conferred on this Court by 15.U.S.C. Section 1121 (a), and by 28 U.S.C. Section 1338 (a), in that this case arises

OUR COUNTERCLAIMS FOR INFRINGEMENT, UNFAIR COMPETITION AND FALSE ADVERTISING

1 Charles C.H. Wu, SBN 166756
2 CHARLES C.H. WU & ASSOCIATES
3 A PROFESSIONAL CORPORATION
4 7700 Main Street, Suite 710
5 Irvine, California 92618-3043
6 (949) 251-0111

FILED
MAY 15 2001
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION AT IRVINE

Attorneys for Defendants and Counterclaimant
MCN International, Inc. and Lasting Impression I, Inc.,
erroneously sued as Lasting Impression, Inc.

7
8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

10 K.P. PERMANENT MAKE-UP, INC.,
11 Plaintiff,
12 vs.
13 LASTING IMPRESSION, INC. and MCN
14 INTERNATIONAL, INC.,
15 Defendants.

CASE NO. SA-CV-00-276-GLT
(EEx)

MCN INTERNATIONAL, INC. AND
LASTING IMPRESSION I, INC.'S

(1) ANSWER TO COMPLAINT.

(2) COUNTERCLAIM FOR:
1. INFRINGEMENT OF
TRADEMARK,
2. UNFAIR COMPETITION,
3. FALSE ADVERTISING.

DEMAND FOR JURY TRIAL

18 LASTING IMPRESSION I, INC.,
19 Counterclaimant,
20 vs.
21 K.P. PERMANENT MAKE-UP, INC.; and
22 ROES 1 through 10, inclusive;
23 Counter-Defendants.

24 Pursuant to Rule 12(a) and Rule 13 of the Federal Rules of Civil
25 Procedure, defendant MCN INTERNATIONAL, INC. (sometimes herein, "MCN")
26 and defendant and counterclaimant LASTING IMPRESSION I, INC. (sometimes
27

28 - 1 -

MCN INTERNATIONAL, INC. AND LASTING IMPRESSION I, INC.'S
ANSWER, COUNTERCLAIM AND DEMAND FOR JURY TRIAL

THE OCT., 2000 EX PARTE APP'L FOR TRO AND PRELIMINARY INJUNCTION

0016

1 Charles C.H. Wu, SBN 166756
2 CHARLES C.H. WU & ASSOCIATES
3 A PROFESSIONAL CORPORATION
4 7700 Irvine Center Drive, Suite 710
5 Irvine, California 92618-3043
6 (949) 251-0111

FILED
OCT - 3 2000

7 Attorneys for Defendants and Counterclaimant
8 MCN International, Inc. and Lasting Impression I, Inc.
9 erroneously sued as Lasting Impression, Inc.

CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION - SANTA ANA

10 UNITED STATES DISTRICT COURT
11 CENTRAL DISTRICT OF CALIFORNIA
12 SOUTHERN DIVISION - SANTA ANA

13 K.P. PERMANENT MAKE-UP, INC.,
14 Plaintiff,
15 vs.
16 LASTING IMPRESSION, INC. and MCN
17 INTERNATIONAL, INC.,
18 Defendants.
19 LASTING IMPRESSION I, INC.,
20 Counterclaimant,
21 vs.
22 K.P. PERMANENT MAKE-UP, INC.; and
23 ROES 1 through 10, inclusive;
24 Counter-Defendants.

CASE NO. SA-CV-00-276-GLT
(REx)

LASTING IMPRESSION I, INC.'S
EX PARTE APPLICATION FOR A
TEMPORARY RESTRAINING ORDER
AND AN ORDER TO SHOW CAUSE
RE PRELIMINARY INJUNCTION
OR, ALTERNATIVELY, FOR
SUMMARY JUDGMENT; MEMORANDUM
OF POINTS AND AUTHORITIES;
DECLARATIONS OF DARLENE
STORY, LIN MCKINSTRY AND
CHARLES C.H. WU
[Submitted.]

25 TO ALL PARTIES AND TO THEIR ATTORNEYS OF RECORD:

26 PLEASE TAKE NOTICE that defendant and counterclaimant Lasting
27 Impression I, Inc. hereby submits to the Hon. Gary L. Taylor in
28 Courtroom 10D of the above-entitled Court, located at 411 West Fourth
Street, Santa Ana, California 92701, this within ex parte application

- 1 -

LASTING IMPRESSION I, INC.'S EX PARTE APPLICATION FOR A TEMPORARY RESTRAINING ORDER,
AND FOR ISSUANCE OF ORDER TO SHOW CAUSE RE PRELIMINARY INJUNCTION,
MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATIONS OF STORY, MCKINSTRY AND WU 27

1. KP'S SEMINAR FLYER, ALLEGEDLY USED DURING 1990 - 1991

PERMANENT COSTMETIC MAKE-UP

WE INVITE YOU TO OUR PERMANENT MAKE-UP WORK SHOP TO BE HELD IN LOS ANGELES
SHOW SPECIAL END OF FEB 25, 1990.

PERSONAL INSTRUCTION BY THERESA PLANTE AND KIM ANNIE
THESE CLASSES WILL BE DEMONSTRATING OUR NEWEST TECHNIQUES ON LIVE MODELS
EYEBROWS, EYELINERS, LIPLINERS
BEAUTY MARK, CORRECTIVE, COLOR BLENDING
PERM EYE LASHES, TINT BROWS AND LASHES
THE COST OF THE CLASS IS \$1500.00 THE SIZE OF CLASS WILL BE LIMITED TO
SIX STUDENTS PER CLASS. EACH CLASS IS LIMITED TO 16 HOURS.

INCLUDES: ONE MACHINE LIGHTWEIGHT AND EASY TO OPERATE
ONE VIDEO, ONE SPRAY TOPICAL ANESTHETIC SOLUTION
50 SINGLE NEEDLES, 50 PIGMENT CONTAINERS
THREE LASHES DYE (BLACK BLUE BROWN)
ONE LASHES PERM KIT (80 RODS L,M,S,)
ONE TRAY HOLDER AND 5 MICROCOLOR PIGMENTS

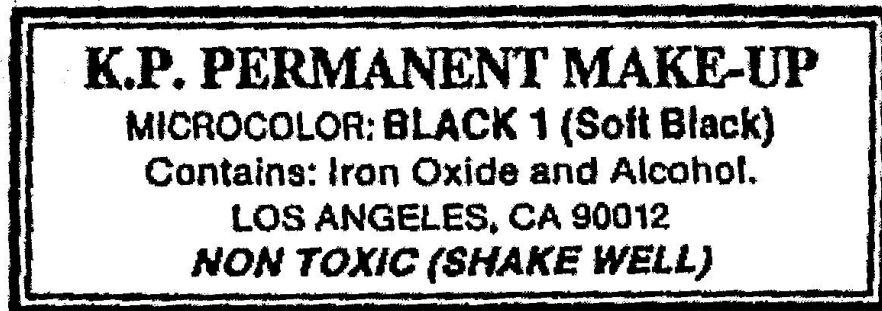
KIM'S PARADISE

818 N. BROADWAY STE # 206B-209
LOS ANGELES CA 90012
TEL: 213-687-7013

2. KP'S PIGMENT BOTTLE LABELS

(BUT NO ACTUAL BOTTLE PRODUCED BY PK SHOWING THAT LABEL AFFIXED. ALLEGED STARTED USING IN 1990)

KP'S DIRECT EVIDENCE OF USING THE PHRASE IN 1990. KP DID NOT PRODUCE AN ACTUAL BOTTLE WITH THE LABEL AFFIXED



KP'S BOTTLE INDEPENDENTLY GATHERED BY LASTING



3. KP'S TRIFOLD BROCHURE AND ITS WEB SITE (USE DATE:1999 AND THEREAFTER)



DISTRICT COURT'S RULING DENYING TRO AND PRELIMINARY INJUNCTION GROUNDED ON ALLEGED PRIOR TRADEMARK USE UNDER TERRITORIAL RIGHT 15 USC 1065

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FILED
 JAN 12 2001
 CLERK, U.S. DISTRICT COURT
 CENTRAL DISTRICT OF CALIFORNIA
 SOUTHERN DIVISION AT SANTA ANA
 BY *[Signature]* DEPUTY

ENTERED
 JAN 17 2001
 CLERK U.S. DISTRICT COURT
 CENTRAL DISTRICT OF CALIFORNIA
 SANTA ANA OFFICE
 PERMANENT MAKE-UP INC.,

Plaintiff,
 vs.
 LASTING IMPRESSION, INC., et. al.,
 Defendants.

Case No. SA CV 00-276-GLT (EEX)
 ORDER DENYING DEFENDANT'S MOTION FOR PRELIMINARY INJUNCTION
 Docketed
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Defendant Lasting Impression's Motion for Preliminary Injunction is DENIED.

I. BACKGROUND

Plaintiff K.P. Permanent Make-up brought suit against Defendant Lasting Impression for trademark infringement of the "microcolors" mark. Defendant counterclaimed, alleging it holds a registered trademark featuring the words "MICRO COLORS." Defendant has been using its mark since March 1992 and registered it with the United States Patent and Trademark Office on May 11, 1993. Plaintiff maintains it is the senior user of the phrase "macrocolor," having used the phrase since early 1991. Plaintiff also argues the "microcolor" phrase is generic and not capable of trademark protection as a word mark.

ENTER ON ICMS
 JAN 17 2001 *[Signature]*

1 In October 2000, this Court denied Defendant's Application for a
2 Temporary Restraining Order and set the matter for hearing on
3 Defendant's Motion for Preliminary Injunction.

4 II. DISCUSSION

5 The Ninth Circuit recognizes two sets of guidelines for
6 evaluating claims for injunctive relief — a traditional test and an
7 alternative test. Under the traditional test, the moving party must
8 demonstrate: (1) a strong likelihood of success on the merits; (2) the
9 balance of irreparable harm favors the moving party; and, (3) the
10 public interest favors granting the injunction. American Motorcyclist
11 Assn. v. Watt, 714 F.2d 962, 965 (9th Cir. 1983). Under the
12 alternative test, the moving party must demonstrate either (1)
13 probable success on the merits and the possibility of irreparable
14 injury; or (2) the existence of serious questions going to the merits
15 and the balance of hardships tipping sharply in its favor. Id. See
16 also, Gilder v. PGA Tours, Inc., 936 F.2d 417, 422 (9th Cir. 1991).
17 These are not entirely separate tests, but rather a single continuum
18 to aid in the "essential task of balancing the equities." Regents of
19 University of California v. ABC, Inc., 747 F.2d 511, 515 (9th Cir.
20 1984).

21
22 The Lanham Act provides that incontestability of a valid
23 registered trademark is limited to the extent, if any, to which the
24 use of a mark registered on the principal register infringes a valid
25 right acquired under the law of any State or Territory by use of a
26 mark or trade name continuing from a date prior to the date of
27 registration under this Act of such registered mark. 15 U.S.C. §
28 1065.

1 The elements of the prior use defense are: (1) acquisition of
2 trademark rights under state law prior to the date of the
3 incontestable registration; (2) continuance of use of the trademark
4 from that date; and (3) that the prior use is on goods or services
5 which are in issue in the case and infringement is proven. Cullman
6 Ventures, Inc. v. Columbian Art Works, Inc., 717 F. Supp. 96, 111 n.8
7 (S.D.N.Y. 1989). If the defense is proven, the senior user may
8 continue use of the mark in its territory on only the goods with
9 respect to which the prior use was proved. See Wrist-Rocket Mfg. Co.
10 v. Saunders Archery Co., 578 F.2d 727 (8th Cir. 1978); Armand's
11 Subway, Inc. v. Doctor's Assocs., Inc., 604 F.2d 849 (4th Cir. 1979);
12 Minuteman Press International, Inc. v. Minute-Men Press, Inc., 219
13 U.S.P.Q. 426 (N.D.Cal. 1983).

14 Plaintiff argues it has been using the "microcolor" phrase since
15 1991. To support this contention, Plaintiff offers the declaration of
16 the owner of the company. The Plante Declaration states Plaintiff
17 began using the "microcolor" phrase in 1991 as an abbreviation of
18 "micropigmentation color" on its labels. See Plante Decl. ¶ 5, see
19 also Opp. Exh A. Plaintiff also used the phrase on leaflets it handed
20 out at trade shows.^{1/} See Machatin Decl. Exh B. Plaintiff provides
21 customer declarations which state the labels have not changed since
22 that time. See Supp. Opp. Exh. L-U. The goods bearing the
23 "microcolors" mark used as early as 1991 are at issue in the present
24 case.

25 At this early stage in the case, Plaintiff appears to have
26 provided evidence which casts significant doubt on Defendant's

27 _____
28 ^{1/}These leaflets are not dated, but have been stipulated to
be distributed in 1991.

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24 case.

25 At this early stage in the case, Plaintiff appears to have
26 provided evidence which casts significant doubt on Defendant's

27 _____
28 ^{1/}These leaflets are not dated, but have been stipulated to
be distributed in 1991.

1 probable likelihood of success on the merits.^{2/} See American
2 Motorcyclist, 714 F.2d at 965; see also Gilder, 936 F.2d at 421.
3 Defendant's Motion for Preliminary Injunction is therefore DENIED.

4 In its Reply Memorandum, Defendant requests monetary sanctions if
5 the Preliminary Injunction is denied because Plaintiff's evidence was
6 not disclosed under Local Rule 6 or produced in discovery.^{3/}
7 Defendant contends that, had it known Plaintiff would present the
8 senior usage in opposition to the preliminary injunction, it would
9 not have sought injunctive relief at this time. The Court orders
10 Plaintiff to Show Cause within 20 days why sanctions should not be
11 awarded.

12
13 DATED: January 11, 2001.

14
15 
16 GARY L. TAYLOR
UNITED STATES DISTRICT JUDGE

17
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25
26 ^{2/}The Court need not reach the question of whether the
"microcolor" mark is generic.

27 ^{3/}Defendant also contends the evidence is not trustworthy
28 due to the lack of dating on the flyers and labels. However, the
dates of distribution have been stipulated by Plaintiff.

MAY, 2001 CROSS-MOTIONS FOR SUMMARY JUDGMENT / ADJUDICATIONS

LASTING'S ISSUES:

1. KP CANNOT SATISFY "PRIOR USE"
AFFIRMATIVE DEFENSE UNDER 15 USC 1065
IN THAT KP DID NOT ACQUIRE STATE
TRADEMARK RIGHTS
2. LASTING'S "MICRO COLORS" IS
PREDOMINATELY TEXTUAL AND NOT LIMITED
TO THE COMPOSITE MARK
3. "MICRO COLORS" IS NOT GENERIC

KP'S ISSUES

1. THE PHRASE "MICRO COLORS" IS GENERIC.

2. LASTING'S INCONTESTABLE STATUS IS LIMITED TO THE COMPOSITE MARK AND NOT THE GENERIC "MICRO COLORS" PHRASE INSIDE THE BOX DESIGN.



3. LASTING CANNOT SHOW LIKELIHOOD OF CONFUSION.

4. KP IS ENTITLED TO USE THE PHRASE UNDER THE FAIR USE DOCTRINE.

DISTRICT COURT'S RULING GRANTING KP'S SJM AND DENYING LASTING'S SJM

1. "MICRO COLORS" IS GENERIC
2. EVEN IF "MICRO COLORS" IS NOT GENERIC, IT IS DESCRIPTIVE

LOGIC: LASTING HAD ARGUED THAT KP WAS USING "MICROCOLOR" DESCRIPTIVELY BECAUSE IT WAS USING IT TO DESCRIBE ITS BOTTLE CONTENTS, I.E. **MICROCOLOR: RED**. "IF THE DESCRIPTIVE NATURE OF "MICRO COLORS" HOLDS TRUE FOR [KP], IT HOLDS TRUE FOR [LASTING] AS WELL"

IN COUNTERING KP'S PRIOR USE UNDER STATE LAW (15 USC 1065), LASTING HAD TO ARGUE THAT KP WAS NOT USING THE MICROCOLOR PHASE AS A TRADEMARK BECAUSE IT WAS USING THE PHRASE DESCRIPTIVELY.

(CONTRADICTORY LEGAL STRATEGIES)

3. ALTHOUGH “MICRO COLORS” HAS ACHIEVED INCONTESTABLE STATUS. THUS, PRESUMPTION OF DISTINCTIVENESS OR IF DESCRIPTIVE, SECONDARY MEANING IS PRESUMED. HOWEVER, THAT PRESUMPTION IS LIMITED TO THE EXACT COMPOSIT MARK AS REGISTERED BY LASTING.



4. FAIR USE DOCTRINE: (A) NOT A TRADEMARK USE, (B) FAIRLY AND IN GOOD FAITH, AND (C) DESCRIPTIVE USE

(A) AND (C) CONCEDED BY LASTING. (B) IS FROM KP'S EARLIER USE

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FILED
MAY 16 2001
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION AT SANTA ANA
BY *[Signature]* DEPUTY

Docketed
 Copies / NTC Sent
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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

K.P. PERMANENT MAKE-UP, INC.,) Case No. SA CV 00-276-SLT(ERX)
)
Plaintiff,) ORDER GRANTING PLAINTIFF'S
) MOTION FOR SUMMARY JUDGMENT AND
vs.) DENYING DEFENDANT'S MOTION FOR
) SUMMARY ADJUDICATION
LASTING IMPRESSION, INC., et. al.,)
)
Defendants.)

Plaintiff's Motion for Summary Judgment is GRANTED. Defendant's Motion for Summary Judgment is DENIED.

I. BACKGROUND

Plaintiff K.P. Permanent Make-up brought suit against Defendants Lasting Impression and MCN International for trademark infringement of the "microcolors" mark.^{1/} Defendants counterclaimed, alleging it holds a registered trademark featuring the words "MICRO COLORS." Defendant Lasting Impression has been using its mark since March 1992 and registered it with the United States Patent and Trademark Office on May 11, 1993. Plaintiff argues it has been using the phrase

^{1/}Defendants use "microcolor" and "micro color" interchangeably. See Defendants' Motion, at 30. For purposes of this motion, "micro colors" and "microcolors" will be considered the same phrase.

ENTER ON ICMS *[Signature]*

1 "microcolors" since 1990.

2 Plaintiff brings a motion for summary judgment, and Defendants
3 cross-move for summary judgment. Plaintiff's chief defenses are (1)
4 Defendants' picture mark registration does not give Defendants the
5 exclusive rights to the words "micro colors" separate from the logo;
6 (2) the words "micro colors" are generic; (3) under the fair use
7 doctrine, Plaintiff can still use "micro colors" because it is the
8 senior user of the phrase "microcolor," having used the phrase since
9 as early as 1990; (4) the phrase has no secondary meaning; (5)
10 Defendants have also used "microcolors" in a generic sense and are
11 estopped from arguing it is not generic; (6) Defendants cannot show
12 likelihood of confusion; and (7) Plaintiff's continuous prior use of
13 the term "microcolor" defeats Defendants' claim to exclusivity.
14 Defendants argue Plaintiff's first, fifth, sixth and seventh
15 affirmative defenses are invalid. In addition, Defendants argue
16 Plaintiff's first count for declaratory relief has no merit because
17 Plaintiff cannot demonstrate the phrase "microcolor" is generic.

18 II. DISCUSSION

19 Summary judgment is proper if "there is no genuine issue as to
20 any material fact and the moving party is entitled to a judgment as a
21 matter of law." Fed. R. Civ. Proc. 56(c). A fact is material if it
22 "might affect the outcome of the suit under the governing law."
23 Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986). A factual
24 dispute is genuine "if the evidence is such that a reasonable jury
25 could return a verdict for the nonmoving party." Id.

26 The moving party in a summary judgment motion bears the initial
27 burden of showing the absence of a genuine issue of material fact.
28 Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986). If the moving

1 party makes this initial showing, the burden shifts to the nonmoving
2 party to "designate specific facts showing that there is a genuine
3 issue for trial." Id., 477 U.S. at 324 (citation omitted). In other
4 words, the non-moving party must produce evidence that could cause
5 reasonable jurors to disagree as to whether the facts claimed by the
6 moving party are true.

7 In making a summary judgment determination, the Court must view
8 the evidence presented in the light most favorable to the non-moving
9 party, drawing "all justifiable inferences . . . in his favor."
10 Anderson, 477 U.S. at 255. If the non-moving party fails to present a
11 genuine issue of material fact, the Court must grant summary judgment.
12 Celotex, 477 U.S. at 323-24. If, however, the evidence of a genuine
13 issue of material fact is "merely colorable" or of insignificant
14 probative value, summary judgment is appropriate. See Anderson, 477
15 U.S. at 249-50.

16 A. Generic of nature the Mark

17 "A generic term is one that does not distinguish the goods of one
18 producer from the goods of others. Instead, it is one that either by
19 definition or through common use 'has come to be understood as
20 referring to the genus of which the particular product is a species.'" Keebler Co. v. Roylra Biscuit Corp., 624 F.2d 366, 373-74 (1st Cir.
21 1980) (citing Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d
22 4, 9 (2d Cir. 1976)). Evidence to prove genericness can include the
23 following: (1) generic use by competitors use which is not contested;
24 (2) when the proponent of a trademark uses the term before the public
25 as a generic name; (3) dictionary definitions; (4) media usage; and
26 (5) consumer surveys. McCarthy on Trademarks, § 12:13.
27
28

1 To demonstrate whether "microcolor" or "micro color" is generic,
2 Plaintiff and Defendant have both conducted internet searches for use
3 of the phrase "micro color." See Defendants' Opposition, at 12.
4 Companies from other business sectors used "microcolors," but as far
5 as use in the permanent makeup industry, no others were found.

6 In addition to the internet search, Plaintiff asserts that,
7 because Defendant has admitted "micropigmentation" and "pigmentation"
8 are synonyms, and "pigment" and "colors" are used interchangeably in
9 the industry, "micropigments" and "microcolors" are also synonyms.
10 See Plaintiff's Motion, at 7; Story Depo. at 34:8-12; 34:13-35:17;
11 McKinstry Depo. at 72:22-24; 73:8-24. Defendants argue Plaintiffs
12 have misconstrued the deposition testimony. Regardless of the
13 construction of the deposition testimony, one can "naturally conclude
14 that micro colors and micro pigments are also synonyms...."
15 Plaintiff's Motion, at 7.

16 It appears that "micro pigments" and "micro colors" are both
17 abbreviations for "micropigmentation color." Defendants do not raise
18 a question of fact as to the specific association of "micro colors"
19 with their goods. The most Defendants demonstrate as evidence is that
20 "Skir Magazine," a reputable magazine catering to permanent makeup
21 customers, lists the brand "micro colors" as cross-referenced between
22 both Defendants. Defendant's Opposition, at 15. This may mean that
23 "micro colors" is recognized as being used by Defendants, but it does
24 not mean the phrase is not generic.

25 There is no evidence "micro colors" is not used commonly or
26 interchangeably with "micro pigment" or "micro pigment colors." The
27 phrase "micro colors" appears to have "'come to be understood as
28 referring to the genus of which the particular product is a species.'"

1 Keebler Co. v. Royira Biscuit Corp., 624 F.2d at 373-74. An example
2 of the genus/species argument is that Defendants themselves have used
3 "micro colors" in a generic manner. In one brochure, the phrase,
4 "Beware: Micro-Colors® Pigment is the first and only Micro-Colors
5 available by MCN." Plaintiff's Exh. O. While the first "micro
6 colors" phrase refers to Defendants' trademark, the second does not,
7 and demonstrates the species within the genus. Keebler, at 373-74.

8 Even if the phrase "micro color" were not generic, "micro colors"
9 is descriptive. Defendants themselves admit this. In Defendants'
10 Motion for Summary Adjudication, they argue Plaintiff could not have
11 acquired secondary meaning in the phrase "micro color" or
12 "microcolors" because the phrase is descriptive. Defendants' Motion,
13 at 30. If the descriptive nature of "micro colors" holds true for
14 Plaintiff, it holds true for Defendants as well. Summary adjudication
15 is GRANTED for Plaintiffs on this issue. See Celotex, 477 U.S. at
16 323-24.

17 B. Secondary Meaning

18 Both parties argue about their acquisition of secondary meaning
19 with respect to the descriptive "micro colors" phrase. The "prime
20 element of secondary meaning is a mental association in buyers' minds
21 between the alleged mark and a single source of the product."
22 McCarthy on Trademarks, § 15:02(1); see Armstrong Paint & Varnish
23 Works v. Nu-Enamel Corp., 305 U.S. 315 (1938).

24 Once a trademark achieves "incontestable" status, it is
25 conclusively presumed that either the mark is non-descriptive, or if
26 descriptive, has acquired secondary meaning. See 15 U.S.C. § 1115(b).
27 Incontestable status is achieved after five years of use after federal
28 registration and compliance with statutory formalities. See 15 U.S.C.

1 | § 1065. A challenger faced with an incontestible registered mark
2 | cannot raise the argument the mark is invalid because it is
3 | descriptive and lacks secondary meaning. See Park 'N Fly, Inc. v.
4 | Dollar Park & Fly, Inc., 469 U.S. 189, 205 (1985).

5 | However, the presumption of distinctiveness is limited to the
6 | exact form of the mark as registered. See, e.g., Beneficial Corp. v.
7 | Beneficial Capital Corp., 529 F. Supp. 445 (S.D.N.Y. 1982); In re
8 | National Data Corp., 753 F.2d 1056 (Fed. Cir. 1985). Defendant
9 | Lasting Impression's "micro colors" trademarked logo achieved
10 | incontestable status on May 11, 1998. The incontestable status
11 | applies to the logo in its entirety, and not merely the phrase "micro
12 | colors." See id. Defendants' argument Lasting Impression's "micro
13 | colors" trademark is completely textual and not limited to the words-
14 | in-the-box composite is not compelling. Defendants' Motion, at 3.
15 | The phrase "micro colors" is generic, or, if not, descriptive, and it
16 | is that descriptive phrase, juxtaposed with the black box and green
17 | line of Defendants' registered mark, that gives it its
18 | distinctiveness. See, e.g., Sweats Fashions, Inc. v. Fannill Knitting
19 | Co., 833 F.2d 1560, 1566 (Fed. Cir. 1987) (holding the generic or
20 | highly descriptive word "sweats" in a logo protected "only the
21 | particular manner" in which the word "sweats" was displayed.).

22 | Because the phrase "micro colors" is generic, or, if not,
23 | descriptive, Defendant has the obligation to demonstrate secondary
24 | meaning. It cannot do so by merely pointing to the incontestability
25 | of its registered mark in its entirety.

26 | Use by others of a similar mark will tend to dilute any customer
27 | recognition and association of that mark with the alleged owner. Such
28 | use by third parties is relevant to the issue of secondary meaning.

1 Carter-Wallace, Inc. v. Procter & Gamble Co., 434 F.2d 794 (9th Cir.
2 1970). Here, there is no issue of material fact that third parties
3 have used the mark. Exhibit G, which is an advertisement by a company
4 called Tattooing states, "Our Micro Colors are the best in the world."
5 However, Tattooing has agreed to stop using the "micro colors" phrase
6 at Defendants' request. See Defendants' Exh. 41.^{2/} None of the other
7 companies Plaintiff mentions use the "micro colors" phrase, although
8 some use "micro pigment colors" or "micro pigment cosmetic color."
9 See Plaintiff's Exhs. E, F, L.

10 To assert its trademarked "micro colors" brand has secondary
11 meaning, Defendants argue that "Skin Magazine," a reputable magazine
12 catering to permanent makeup customers, lists the brand "micro colors"
13 as cross-referenced between both Defendants. Defendant's Opposition,
14 at 15. Standing alone, this one reference does not demonstrate
15 secondary meaning in the industry. To demonstrate Defendants' lack of
16 secondary meaning, Plaintiff raises the issue of customer confusion.
17 Plaintiff cites the McKinstry Deposition for the proposition that she
18 is concerned people will confuse "micro pigment" with "micro colors."
19 McKinstry Depo. at 72:22-73:24. McKinstry is worried because she has
20 received reports from staff members that people are confused. Id.^{3/}

21 Plaintiff provides no counter-argument to Defendants' assertion
22 Plaintiff's use of "micro colors" has no secondary meaning.

23 _____
24 ^{2/}Plaintiff contends this is merely because Tattooing, Inc.
25 did not want to go through the time and energy defending against
26 Defendants' claims. Plaintiff's Reply, at 17.

27 ^{3/}Plaintiff also cites a declaration by Gloria Torres, in
28 which she testifies she received calls from prospective customers
who seemed confused by Defendants' "micro colors." The Torres
Declaration was not provided to the Court, and so it cannot be
considered as evidence.

1 There is no question of material fact as to whether either party
2 has acquired secondary meaning with respect to the use of the "micro
3 colors" phrase. Apparently, neither has. Summary adjudication in
4 favor of Plaintiff is appropriate on this issue. See Celotex, 477
5 U.S. at 323-24.

6 C. Fair Use Doctrine

7 The Lanham Act requires three elements to be established to prove
8 a fair use defense: (1) use of the term is not as a trademark or
9 service mark; (2) use of the term is done "fairly and in good faith";
10 and (3) use of the term is only to describe goods or services. 15
11 U.S.C. § 1115(b)(4). In this case, Defendant has conceded Plaintiff
12 is not using the term as a service mark or trademark. See Defendants'
13 Motion, at 31-32. Defendant has also argued Plaintiff is using the
14 term "descriptively on bottling labels and seminar flyers to identify
15 [Plaintiff's] pigment colors or shades."⁴⁷ Elements one and three
16 have been established.

17 Plaintiff also contends it has satisfied the second element by
18 using the "microcolors" phrase continuously since 1990 in trade shows
19 and on their bottling labels. Because Plaintiff began using the mark
20 before Defendants used theirs, and has continued use of the phrase,
21


22 ⁴⁷Defendants argue in their Motion for Summary Adjudication
23 that Plaintiff is using the phrase descriptively. Motion, at 30.
24 On the other hand, in Defendants' Reply brief they contend
25 Plaintiff is merely using the phrase in a "functional" manner.
26 Reply, at 10. Defendants argue a "fairly used descriptive non-
27 mark would only describe the goods and not identifying the goods
28 with its source. Here, [Plaintiff] uses "microcolors" to refer
to the hue or shade of [Plaintiff's] pigments, and not to
describe the pigments." Reply, at 10. This, Defendants suggest,
goes beyond mere description and leads to a suggested association
of the pigments with Plaintiff. Id. This "functional" argument
is not availing. Defendants cannot argue both sides of the coin.

1 Plaintiff argues its use was done fairly and in good faith. The Court
2 agrees. There is no issue of material fact as to the fair use
3 defense, and summary adjudication is GRANTED in favor of Plaintiff on
4 this issue. See Celotex, 477 U.S. at 323-24.

5 The Court need not discuss Plaintiff's defense of prior use, as
6 it has already determined Plaintiff could fairly use the "micro
7 colors" phrase due to the generic or descriptive nature of the phrase.
8 For the same reason, the Court also need not discuss any demonstration
9 of likelihood of confusion.

10 Plaintiff is entitled to continue to use the phrase "microcolors"
11 in the way it has been using it since 1991, as it pertains to its hues
12 and pigments. Defendants are entitled to use their trademarked logo
13 containing the phrase "micro colors." Thus, Plaintiff's motion for
14 summary judgment is GRANTED, and Defendants' motion for summary
15 adjudication is DENIED.^{5/}

16
17 DATED: May 16, 2001.

18
19 
20 _____
21 GARY L. TAYLOR
22 UNITED STATES DISTRICT JUDGE
23
24
25
26

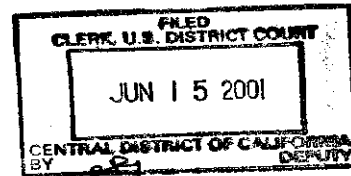
27
28 ^{5/}For purposes of this motion, plaintiff's objections to
defendants' declarations are OVERRULED.

JUNE, 2001 APPEAL TO THE NINTH CIRCUIT

1 Charles C.H. Wu, SBN 166756
 Mark H. Cheung, SBN 150690
 2 Members of CHARLES C.H. WU & ASSOCIATES
 A PROFESSIONAL CORPORATION
 3 7700 Irvine Center Drive, Suite 710
 Irvine, California 92618-3043
 4 Telephone: (949) 251-0111
 Facsimile: (949) 251-1588

5 C. William Kircher, Jr., SBN 50897
 6 A Member of C. WILLIAM KIRCHER, JR.,
 A PROFESSIONAL CORPORATION
 7 1900 Main Street, 6th Floor
 Irvine, California 92614
 8 Telephone: (949) 474-2310
 Facsimile: (949) 261-1085

9 Attorneys for Defendants and Counterclaimant
 10 MCN International, Inc. and Lasting Impression I, Inc.,
 erroneously sued as Lasting Impression, Inc.



Bill _____
 Fees Pd _____
 Frms Gvn _____
 CAD _____
 TDO _____
 Ntc/Dkt Mid _____
 FP Frms Gvn _____

11
 12
 13
 14

UNITED STATES DISTRICT COURT
 CENTRAL DISTRICT OF CALIFORNIA
 SOUTHERN DIVISION - SANTA ANA

15 K.P. PERMANENT MAKE-UP, INC.,
 16 Plaintiff,
 17 vs.
 18 LASTING IMPRESSION, INC. and MCN
 19 INTERNATIONAL, INC.,
 20 Defendants.

CASE NO. SA-CV-00-276-GLT
 (EEx)

NOTICE OF APPEAL

21 LASTING IMPRESSION I, INC.,
 22 Counterclaimant,
 23 vs.
 24 K.P. PERMANENT MAKE-UP, INC.; and
 ROES 1 through 10, inclusive;
 25 Counter-Defendants.

LOCAL RULE 17

IF ANY PARTY DESIRES THAT THIS DOCUMENT BE REPRODUCED BY
 THIRD CLASS MAIL, PLEASE PREPARE TO ALL INTERESTED
 AND PARTIES IN THEIR RESPECTIVE LOCAL JURISDICTIONS OF
 ORIGINAL IN THIS ACTION ON THIS DATE.

FILED 00-21-01
 [Signature]
 DEPUTY CLERK

27 \ \ \
 28 \ \ \

Entered on ICMS 6/19/01 pr
 73

NINTH CIRCUIT'S RULING (APRIL 30, 2003)

328 F.3d 1061; 66 U.S.P.Q.2d 1509

Circuit Judges: Procter Hug, Jr., Melvin Brunetti, and Diarmuid F. O'Scannlain.

Opinion written by Justice Hug
(they have good reputations at the U.S. Supreme Court)

1. "MICRO COLORS" IS NOT GENERIC
2. INCONTESTABILITY EXTENDS TO THE MOST SALIENT FEATURE OF THE MARK AND NOT LIMITED TO THE COMPOSITE AS A WHOLE (CITING PARK 'N FLY, 469 U.S. 189)
3. CLASSIC FAIR USE DEFENSE REQUIRES THE ANALYSIS OF LIKELIHOOD OF CONFUSION



UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

NO. 01-56055
CT/AG# SACV-00-00276-GLT

CLERK, U.S. DISTRICT COURT
JUN - 2 2003
CENTRAL DISTRICT OF CALIFORNIA
DEPUTY

KP PERMANENT MAKE-UP INC

Plaintiff-counter-defendant - Appellee

v.

LASTING IMPRESSION INC; MCN INTERNATIONAL INC;

Defendants-counter-claimants - Appellants

ROES 1 THROUGH 10, inclusive

Counter-defendant - Appellee

FILED
JUN 30 2003
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION AT SANTA ANA
DEPUTY

Send

APPEAL FROM the United States District Court for the
Central District of California (Santa Ana) .

THIS CAUSE came on to be heard on the Transcript of the
Record from the United States District Court for the
Central District of California (Santa Ana)
and was duly submitted.

ON CONSIDERATION WHEREOF, It is now here ordered and
adjudged by this Court, that the judgment of the said
District Court in this cause be, and hereby is REVERSED and

REMANDED.

ENTER ON ICMS
JUL - 2 2003

Do

93



PORTION OF THE NINTH CIRCUIT'S OPINION
CAUGHT KP'S ATTENTION AND KP USED IT AS ITS
BASIS FOR ITS CERT. PETITION TO THE U.S.
SUPREME COURT:

“Therefore, KP can only benefit from the fair use defense if there is no likelihood of confusion between KP’s use of the term “micro color” and Lasting’s mark. However, as discussed above, because in this case, there can be no fair use If there is a likelihood of confusion, the likelihood of confusion analysis must be addressed. (328 F.3d 1072)”

PRESENTER'S COMMENT:

(1) “[t]here can be no fair use If there is a likelihood of confusion” is different from

(2) there can't be a fair use if there is a likelihood of confusion.

(1) is not absolute and (2) is absolute.

(cert. improvidently granted?)

KP'S SPIN ON (1) IN ITS CERT. PETITION TO THE U.S. SUPREME COURT:

“WHAT GOOD IS THE FAIR USE DEFENSE IF THE ONLY TIME YOU GET TO USE IT IS WHEN THERE IS NO INFRINGEMENT?”

AUGUST, 2003 KP'S PETITION FOR A WRIT OF CERTIORARI

In the
Supreme Court of the United States

KP PERMANENT MAKE-UP, INC,

Petitioner,

v.

LASTING IMPRESSION INC; MCN INTERNATIONAL I INC,

Respondents,

Petition for a Writ of Certiorari to the
United States Court of Appeals for the Ninth Circuit

PETITION FOR A WRIT OF CERTIORARI

Michael Machat
Counsel of Record
Law Offices of Michael
Machat PC
9107 Wilshire Blvd., Ste 425
Beverly Hills, CA 90210
(310) 860-1833
Attorney for Petitioner

CURRY & TAYLOR • WASH D.C. • (202) 533-2160 • USCAINFO.COM

SUPREME COURT'S REQUEST TO FILE AN OPPOSITION DESPITE WAIVING FILING OF AN OPPOSITION BY LASTING

Supreme Court of the United States
Office of the Clerk
Washington, DC 20543-0001

William K. Suter
Clerk of the Court
(202) 479-3011

November 7, 2003

Mr. Charles C.H. Wu
Wu & Cheung, LLP
7700 Irvine Center Drive, Suite 710
Irvine, CA 92618-3043

Re: KP Permanent Make-Up, Inc.
v. Lasting-Impression, Inc., et al.
No. 03-409

Dear Mr. Wu:

On August 18, 2003, a petition for a writ of certiorari in the above case was filed in this Court to review an order of the United States Court of Appeals for the Ninth Circuit dated April 30, 2003. Our records indicate that you were served with a copy of the petition.

The Court has directed this office to request that a response be filed in this case. Forty printed copies of your response, together with proof of service thereof, should be filed on or before December 8, 2003.

Your attention is directed to the provisions of Rule 33 of the rules of this Court. Please note that the color or the cover of your brief should be orange.

Sincerely,



William K. Suter
Clerk

cc: Michael Machat

OUR OPPOSITION TO KP'S CERT. PETITION

No. 03-409

IN THE
Supreme Court of the United States

KP PERMANENT MAKE-UP, INC.,

Petitioner,

LASTING IMPRESSIONS L, INC. and
MON INTERNATIONAL, INC.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF IN OPPOSITION

CHARLES C.H. WU
WU & CHEUNG, L.L.P.
7700 Irvine Center Drive
Suite 710
Irvine, CA 92618
(949) 251-0111

Attorneys for Respondents

134592

U.S. GOVERNMENT PRINTING OFFICE
2003 O 594-571-1 (Rev. 2/01)

JAN. 9, 2004, U.S. SUPREME COURT GRANTED KP'S PETITION FOR A WRIT OF CERTIORARI

Office of the Clerk
Supreme Court of the United States
Washington, D. C. 20543-0001

January 9, 2004

Charles C.H. Wu
Wu & Cheung, L.L.P.
7700 Irvine Center Drive, #710
Irvine, CA 92618

Re: 03-409 KP Permanent Make-Up, Inc. v. Lasting Impression, Inc.

Dear Mr. Wu:

The Court today entered the following order in the above stated case:

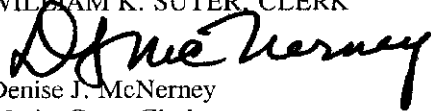
“The petition for a writ of certiorari is granted.”

The following items are enclosed: Merits Procedures Memoranda, Special Procedures Memorandum, a Specification Chart, Guide for Counsel, Memoranda to Brief Printing Companies, and Counsel of Record Information Form. Since your case is likely to be scheduled for argument in the **April Session**, please note that requests for extensions of time are not likely or favored. Also, please note the relevance of Rule 25.3 of the Rules of this Court for your reply brief due date.

If you have any questions, please telephone me.

Sincerely,

WILLIAM K. SUTER, CLERK


Denise J. McNerney
Merits Cases Clerk


LEGISLATIVE HISTORY AND OVERVIEW OF LANHAM ACT

Hearing before the House and Senate:

Jan. 19, 1938 – May 14, 1946 (World War II in between)

Protects consumers and producers and their “ability to distinguish between competing goods” Park ‘N Fly vs. Dollar Park and Fly 469 U.S. 189 (1985)

“Fairly” defined as “not calculated to deceive” mirrors pre Lanham case law. (remark of Mr. Rogers describing the Shredded Wheat case, 77th Cong., 1st Sess. 63-74 (1941).



The term “used fairly” was enacted as part of the Lanham Act in 1946 and must be read against the background of the then existing common law relating to the tort of “unfair competition”

Herring-Hall-Marvin Safe Co. v. Hall’s Safe Co.: it was “unfair” under common law for a competitor to use a descriptive term that had acquired secondary meaning for another party’s goods in a manner that was likely to confuse. 208 U.S. 554 (1908)

WHAT DOES
“MICRO COLORS” MEAN TO
YOU?

DOES IT HAVE A PRIMARY
DESCRIPTIVE MEANING?

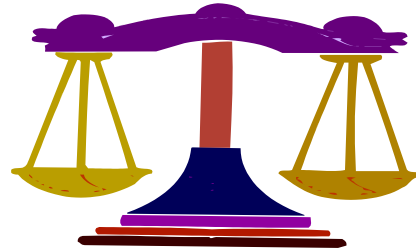


(PRESENTER'S SIMULATION)

IS IT FAIR FOR KP TO USE THE BELOW
RIGHT SIDE BOTTLE?

M MICRO-COLORS® Pigment





CHARLES C.H. WU, ESQ.
COUNSEL OF RECORD
WU & CHEUNG, L.L.P.
7700 IRVINE CENTER DRIVE #710
IRVINE, CALIFORNIA 92618
WWW.WCLAWYERS.COM
TEL: 949-251-0111 // FAX: 949-251-1588
E-MAIL: CCHWU@WCLAWYERS.COM
ATTORNEYS FOR RESPONDENTS
LASTING IMPRESSION AND
MCN INTERNATIONAL, INC.