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NOTE

Monetary Damages Under the Lanham Act: Eighth Circuit Holds Actual Confusion is Not a Prerequisite

Masters v. UHS of Del., Inc., 631 F.3d 464 (8th Cir. 2011), *cert. denied*, 131 S. Ct. 2920 (2011).

ROGER W. DYER, JR.*

I. INTRODUCTION

While the Lanham Act provides a cause of action against trademark infringers, some courts have limited the types of relief accessible to the trademark owners according to the type of evidence presented at trial.¹ The text of the Lanham Act requires the plaintiff in a trademark infringement case to establish that the defendant used a trademark confusingly similar to his own in a manner that is “*likely to cause confusion*” in the minds of the buying public as to who actually manufactured the product or supplied the service in question.² However, the statute also has the caveat that the remedies available to the plaintiff are “subject to the principles of equity.”³

The equitable scheme of the Lanham Act has prompted some courts to read into the statute a requirement that plaintiffs in trademark infringement cases establish “actual confusion” in the minds of consumers before they are entitled to monetary damages.⁴ The courts applying the actual confusion standard have reasoned that the principles of equity require this heightened level of proof because without such proof there is no assurance that the plaintiff suffered an actual injury as a result of the infringement.⁵ These same

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1. *See, e.g.*, *Int’l Star Class Yacht Racing Ass’n v. Tommy Hilfiger, U.S.A., Inc.*, 80 F.3d 749, 753 (2d Cir. 1996); *Web Printing Controls Co. v. Oxy-Dry Corp.*, 906 F.2d 1202, 1204-05 (7th Cir. 1990).

2. *See* 15 U.S.C. § 1125(a)(1)(A) (2006) (emphasis added).

3. *Id.* § 1117(a).

4. *Int’l Star Class Yacht Racing Ass’n*, 80 F.3d at 753.

5. *See, e.g.*, *WE Media, Inc. v. Cablevision Sys. Corp.*, 94 F. App’x 29, 33 (2d Cir. 2004); *Seatrac, Inc. v. Sonbeck Intern., Inc.*, 200 F.3d 358, 372 & n.8 (5th Cir. 2000).

courts have concluded that absent actual injury, injunctive relief alone is equitable.⁶

The federal circuits are currently split over the question of whether a plaintiff must prove actual confusion to receive monetary relief under the Lanham Act.⁷ The Eighth Circuit Court of Appeals appeared to adopt the stance that proof of actual confusion was necessary.⁸ However, in *Masters v. UHS of Delaware, Inc.*, the Eighth Circuit clarified that actual confusion is not a prerequisite for an award of monetary damages after upholding a jury's award of disgorged profits to a plaintiff who, according to the jury, proved no actual damages.⁹

This Note will examine the Lanham Act and the ways in which courts have interpreted it, particularly its provisions dealing with trademark infringement.¹⁰ This Note will then explain the concept of "actual confusion" and what has prompted courts to read the requirement into the Lanham Act with respect to establishing monetary awards.¹¹ This Note also will provide an overview of the current split between circuits requiring proof of actual confusion and those allowing proof of "likelihood of confusion" to support an award of damages.¹² Particular emphasis is placed on Eighth Circuit precedent. Finally, this Note will argue that the Eighth Circuit's rejection of the actual confusion requirement will lead to fairer results by removing near insurmountable obstacles for trademark plaintiffs seeking to be compensated for wrongs perpetrated by trademark infringers.¹³

II. FACTS AND HOLDING

Appellant UHS of Delaware, Inc. (UHS) owns numerous psychiatric hospitals and mental health facilities located throughout the United States.¹⁴ Respondent Mary Masters, who worked under the professional name of Virginia E. Johnson, and her deceased former husband, Dr. William H. Masters, were researchers in the field of human sexuality.¹⁵ Together they developed innovative treatments for sexual dysfunction and sexual trauma, which they marketed under the unregistered service mark "Masters and Johnson" (the mark).¹⁶ Dr. and Mrs. Masters – and consequently the mark – garnered wide

6. See, e.g., cases cited *supra* note 5.

7. See *infra* notes 60-62 and accompanying text.

8. See *infra* Part III.C.

9. 631 F.3d 464, 472 (8th Cir. 2011), *cert. denied*, 131 S. Ct. 2920 (2011).

10. See *infra* Part III.A.

11. See *infra* Part III.B.

12. See *infra* Part III.C.

13. See *infra* Part V.

14. *Masters*, 631 F.3d at 468.

15. *Id.* at 467.

16. *Id.* at 467-68.

recognition for their work in the field of sexual medicine.¹⁷ As a result, the Masters began receiving business propositions from companies desiring to use the mark to advertise their own sexual therapy services.¹⁸

In 1991, Dr. and Mrs. Masters entered into a ten-year licensing agreement that granted the use of the mark to UHS to use in connection with its sexual dysfunction and sexual trauma treatment programs, provided that its programs followed the Masters' treatment methodology.¹⁹ The agreement was later renegotiated, and the lease was extended until 2005.²⁰ In 2001, after the lease had been renegotiated, Dr. Masters died.²¹ In 2005, the agreement expired, and Mary Masters and UHS failed to negotiate a new extension, so the relationship ended.²² Following the expiration of the license, UHS completely halted use of the mark.²³ However, in 2006 Masters sued UHS alleging trademark infringement based on UHS's use of the unregistered mark during the licensing agreement.²⁴ Specifically, Masters argued that UHS exceeded the scope of the agreement by using the mark to advertise programs unrelated to sexual dysfunction and trauma as well as treatment methods unrelated to any of Masters' methodologies, including yoga and t'ai chi.²⁵

At trial, the jury found that Masters did not suffer any actual damages as a result of UHS's unauthorized use of the mark.²⁶ Nevertheless, the jury awarded the plaintiff \$2.4 million in disgorged profits from the defendant's sale of services outside the scope of the licensing agreement.²⁷ UHS filed a motion for judgment as a matter of law at the close of evidence, arguing that precedent requires proof of "actual confusion" – that is, proof that consumers were actually confused or deceived by UHS's use of the mark – in order to recover monetary damages under the Lanham Act.²⁸ However, the United

17. Response Brief and Principal Brief of Plaintiff-Appellee/Cross-Appellant Mary Virginia Masters a/k/a Virginia E. Johnson at 8, *Masters*, 631 F.3d 464 (Nos. 09-3543, 09-3700), 2010 WL 894763, at *8.

18. *See id.* at 9.

19. *Id.*

20. Opening Brief of Defendant-Appellant UHS of Delaware, Inc. at 10-11, *Masters*, 631 F.3d 464 (No. 09-3543, 09-3700), 2010 WL 543430.

21. *Masters*, 631 F.3d at 468.

22. *Id.*

23. Opening Brief of Defendant-Appellant UHS of Delaware, Inc., *supra* note 20, at 17.

24. *Masters*, 631 F.3d at 468.

25. *Id.*

26. *Id.* at 469.

27. *Id.*

28. *Id.*; *see Masters v. UHS of Del., Inc.*, No. 4:06CV1850-DJS, 2008 WL 5586244, at *1 (E.D. Mo. Oct. 20, 2008), *aff'd*, 631 F.3d 464, *cert. denied*, 131 S. Ct. 2920 (2011).

States District Court for the Eastern District of Missouri rejected UHS's motion and submitted the case to the jury.²⁹ UHS appealed.³⁰

On appeal, the defendant again challenged the jury's verdict by arguing that proof of actual consumer confusion is required for an award of monetary damages under the Lanham Act and that because the record did not provide any evidence of actual confusion, the judgment should be reversed.³¹ In affirming the lower court's decision, the Eighth Circuit Court of Appeals ruled that actual confusion is not a prerequisite for monetary damages.³² The Eighth Circuit acknowledged the circuit split on the issue and that its conclusion appears to be contrary to Eighth Circuit precedent.³³ However, the court noted that the actual confusion requirement was court-made and not mandated by the text of the Lanham Act, and that the facts of the case demonstrate why requiring actual confusion is unworkable in some circumstances.³⁴ The Eighth Circuit did not attempt to detail the precise scope of the ruling or clarify whether it is limited to the facts of the instant case.³⁵

III. LEGAL BACKGROUND

A. *The Lanham Act*

In 1946, Congress passed the Lanham Act, which governs federal civil causes of action for trademark infringement.³⁶ Section 1125(a)(1)(A) of the Lanham Act states that a party is liable for trademark infringement if it "uses in commerce" another's trademark in connection with its goods and services in a way that "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."³⁷ The requirements for an award of monetary relief under the Lanham Act are set out in section 1117.³⁸

29. See *Masters*, 2008 WL 5586244, at *5; see also *Masters*, 631 F.3d at 469.

30. *Masters*, 631 F.3d at 467.

31. *Id.* at 472.

32. *Id.*

33. *Id.* at 472-74.

34. *Id.* at 472-73.

35. See *id.* at 473-74.

36. Lanham Act, Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051-1141 (2006)).

37. 15 U.S.C. § 1125(a)(1)(A). The term "trademark" is defined as "any word, name, symbol, or device, or any combination thereof" adopted and used by a manufacturer or merchant "to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown." *Id.* § 1127.

38. Section 1117 states in pertinent part:

The Lanham Act establishes remedies for trademark infringement in the form of both injunctive relief and monetary damages.³⁹ Injunctive relief ensures that the infringing activity ceases, and in cases where the trademark owner has not suffered injury, it often provides the owner with a satisfactory result.⁴⁰ However, when a trademark owner does suffer injury, the Lanham Act permits the trademark owner to seek monetary damages from the infringer.⁴¹ Plaintiffs prevailing on a claim under this provision of the Lanham Act may be entitled to monetary relief in the form of damages, an accounting of the defendant's profits, statutory damages, increased or trebled damages or profits, and the attorneys' fees and costs of the action "subject to the principles of equity."⁴²

B. Actual Confusion

The Lanham Act's equitable remedy scheme has prompted some courts to require plaintiffs to meet a higher burden of proof when seeking monetary damages.⁴³ Specifically, these courts have required proof of "actual confusion."⁴⁴ Actual confusion in trademark law occurs when a consumer is confused about the source of goods or services because of similarities between two marks.⁴⁵ The rationale is that a plaintiff did not suffer monetary damages if consumers were not actually confused as to the source of a product or service even if the trademarks are similar. Proof of actual confusion demonstrates that the plaintiff suffered an actual injury or that the defendant was unjustly enriched as a result of his use of the similar mark.⁴⁶ While the text of the Lanham Act does not require proof of actual confusion, some circuits have read that requirement into the statute with respect to obtaining damages,

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, . . . shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.

Id. § 1117.

39. *Id.* § 1125.

40. Keith M. Stolte, *Remedying Judicial Limitations on Trademark Remedies: Monetary Relief Should Not Require Proof of Actual Confusion*, 75 DENV. U. L. REV. 229, 231 (1997).

41. *Id.*

42. 15 U.S.C. § 1117(a).

43. *See, e.g.*, *Schutt Mfg. Co. v. Riddell, Inc.*, 673 F.2d 202, 206-07 (7th Cir. 1982); *N.Y. Racing Ass'n v. Stroup News Agency Corp.*, 920 F. Supp. 295, 300 (N.D.N.Y. 1996).

44. *See infra* Part III.C.

45. *See infra* Part III.C.

46. *See infra* Part III.C.

though injunctive relief can generally be had by showing that there is a likelihood of confusion.⁴⁷

Proving actual confusion generally requires the plaintiff to put forth evidence showing that consumers have purchased goods under the mistaken belief that the goods were manufactured by one company when they were actually manufactured by another.⁴⁸ One way for plaintiffs to prove actual confusion is with consumer testimony indicating that the consumer purchased the product under the mistaken belief, caused by the defendant's similar trademark, that the plaintiff manufactured the product.⁴⁹ Courts tend to treat this as the "best evidence" of actual confusion.⁵⁰ Circumstantial evidence can also be used, including consumer surveys and misdirected communications, such as complaints received by the plaintiff regarding the infringer's products or requests made to the plaintiff for information about the infringer's product.⁵¹

C. Federal Circuits Split over Actual Confusion Requirement

In an early trademark case, *Champion Spark Plug Co. v. Sanders*, the United States Supreme Court denied damages to a plaintiff under the Trademark Act of 1905 (the precursor to the Lanham Act) because an "injunction [would] satisfy the equities of the case" in part because the evidence did not establish that the plaintiff suffered actual damage or that the defendant profited from his use of the mark.⁵² Since *Champion Spark Plug*, courts have exercised their own discretion with respect to equitable remedies under the Lanham Act,⁵³ and in trademark litigation they have generally considered such factors as the infringer's intent and whether the plaintiff suffered damage or the infringer profited from his use of the trademark.⁵⁴

47. See, e.g., *WE Media, Inc. v. Cablevision Sys. Corp.*, 94 F. App'x 29, 33 (2d Cir. 2004).

48. See *Masters v. UHS of Del., Inc.*, 631 F.3d 464, 473 (8th Cir. 2011), cert. denied, 131 S. Ct. 2920 (2011) (stating plaintiffs may establish "actual confusion" through evidence of confusion from consumer surveys).

49. See *id.*

50. Michael J. Allen, *The Role of Actual Confusion Evidence in Trademark Infringement Litigation*, 83 TRADEMARK REP. 267, 269 (1993). "When considering evidence of actual confusion, the key is whether there actually has been a diversion of customers from plaintiff to defendant." *Taj Mahal Enters. v. Trump*, 745 F. Supp. 240, 249 (D.N.J. 1990).

51. Allen, *supra* note 50, at 275, 277-79.

52. See 331 U.S. 125, 131-32 (1947).

53. See James M. Koelemay, Jr., *A Practical Guide to Monetary Relief in Trademark Infringement Cases*, 85 TRADEMARK REP. 263, 266 (1995).

54. See, e.g., *Aktiebolaget Electrolux v. Armatron Int'l, Inc.*, 999 F.2d 1 (1st Cir. 1993).

Some courts began using their discretion to require trademark plaintiffs to prove actual confusion in order to obtain monetary damages, reasoning that if the plaintiff cannot prove that he was harmed – that is, he lost a sale because a consumer bought from the infringer thinking it was the plaintiff – injunctive relief satisfies the equities of the case.⁵⁵ Courts and legal commentators have noted the difficulty in obtaining evidence of actual confusion due to the lack of incentives consumers have to report such mistaken purchases, particularly when there is little difference between the quality of the goods, as well as their reluctance to volunteer their time to sit for depositions and trial.⁵⁶ Due to these difficulties, plaintiffs prevailing on trademark claims rarely recover monetary damages.⁵⁷

Not all circuits require proof of actual confusion. In fact, in recognition of the substantial obstacle the requirement creates for trademark plaintiffs, many courts that previously required actual confusion have done away with it.⁵⁸ Still, federal circuits remain split over whether a plaintiff must prove actual confusion to recover damages under the Lanham Act.⁵⁹ The Fifth, Sixth, Seventh, Ninth, and Eleventh circuits have stated that proof of actual confusion is not required to recover monetary damages under the Lanham Act.⁶⁰ In contrast, the First, Eighth, and Tenth circuits have stated that actual confusion is a requirement.⁶¹ The Second Circuit takes a different approach,

55. See Mark D. Robins, *Actual Confusion in Trademark Infringement Litigation: Restraining Subjectivity Through a Factor-Based Approach to Valuing Evidence*, 2 NW. J. TECH. & INTELL. PROP. 1, ¶¶ 9, 13 n.27, 74 n.186 (2004).

56. See *id.* at ¶¶ 24-25.

57. Mark A. Thurmon, *Confusion Codified: Why Trademark Remedies Make No Sense*, 17 J. INTELL. PROP. L. 245, 247-48 (2010).

58. See cases cited *infra* note 60.

59. See *infra* notes 60-62 and accompanying text.

60. See *Gracie v. Gracie*, 217 F.3d 1060, 1068 (9th Cir. 2000) (actual confusion not necessary to obtain recovery of profits, it instead “requires only a *likelihood* of confusion combined with *willful infringement*”); *Wynn Oil Co. v. Am. Way Serv. Corp.*, 943 F.2d 595, 606-07 (6th Cir. 1991) (holding that a plaintiff does not have to prove actual confusion before he can recover profits from an infringer); *Taco Cabana Int’l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1126 (5th Cir. 1991) (a monetary award of damages did not require “evidence of actual confusion”), *aff’d sub nom. Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992); *Web Printing Controls Co. v. Oxy-Dry Corp.*, 906 F.2d 1202, 1203 (7th Cir. 1990) (“To prove a violation of the Lanham Act, proof of injury caused by actual confusion is unnecessary.”); *Burger King Corp. v. Mason*, 855 F.2d 779, 781 (11th Cir. 1988) (“[T]he law in this Circuit is well settled that a plaintiff need not demonstrate actual damage to obtain an award reflecting an infringer’s profits under . . . the Lanham Act . . .”).

61. *Brunswick Corp. v. Spinit Reel Co.*, 832 F.2d 513, 525 (10th Cir. 1987) (“[T]o recover damages plaintiff must prove it has been damaged by actual consumer confusion”); see *Quabaug Rubber Co. v. Fabiano Shoe Co.*, 567 F.2d 154 (1st Cir. 1977) (proof of actual confusion required for monetary damages); see also

requiring either proof of actual confusion or, in the alternative, proof of intentional deception on the part of the infringer.⁶²

The Eighth Circuit has articulated its position on at least two occasions.⁶³ In *Co-Rect Products, Inc. v. Marvy! Advertising Photography, Inc.*, the court stated that “[a] showing of actual confusion entitles the owner of the mark to damages, while a showing of a likelihood of confusion entitles the owner to injunctive relief.”⁶⁴ However, in *Co-Rect Products*, the court ultimately concluded that the mark at issue was not entitled to protection, so the court did not have an opportunity to apply the actual confusion standard.⁶⁵ Further, while the court clearly stated that proof of actual confusion would support an award of damages, the statement is ambiguous with respect to whether the award could be sustained under any circumstances absent such proof.⁶⁶

The Eighth Circuit, however, seemed to clarify its position in *Woodsmith Publishing Co. v. Meredith Corp.*⁶⁷ In *Woodsmith*, Woodsmith Publishing produced a magazine dedicated to providing instruction to woodwork-

Woodsmith Publ’g Co. v. Meredith Corp., 904 F.2d 1244, 1247 n.5 (8th Cir. 1990) (“Proof of actual confusion is necessary for an award of damages.”).

62. *See, e.g.*, *WE Media v. Cablevision Systems Corp.*, 94 F. App’x. 29, 33 (2d Cir. 2004) (disallowing monetary damages because plaintiff “did not submit sufficient evidence to establish actual consumer confusion or intentional deception”).

63. *See, e.g.*, *Masters v. UHS of Del., Inc.*, 631 F.3d 464, 472 (8th Cir. 2011), *cert. denied*, 131 S. Ct. 2920 (2011); *Co-Rect Prods., Inc. v. Marvy! Adver. Photography, Inc.*, 780 F.2d 1324 (8th Cir. 1985).

64. *Co-Rect Prods.*, 780 F.2d at 1330.

65. *Id.* at 1333. In *Co-Rect Products*, the mark at issue was an expression used in the marketing of a pourer that pours “a mechanically measured volume of liquor directly into the customer’s glass” thereby eliminating the need for a shot glass as a measuring tool when preparing drinks. *Id.* at 1327. The manufacturer provided distributors of the pourer with a brochure highlighting the pourer. *Id.* However, one of the distributors became dissatisfied with the brochure and had a new brochure produced. *Id.* The new brochure referred to the pourer as the “Cheapshot” and came with the tagline “[w]ith the Cheapshot he can save you enough money to pay his own salary.” *Id.* *Co-Rect* received a copy of the brochure and decided to redo its brochure. *Id.* *Co-Rect*’s new brochure came with the headline “[w]ith the *Co-Rect Control Pourer* he can save you enough money to pay his own salary.” *Id.* Consequently, the distributor sued the manufacture alleging, amongst other allegations, that the expression was a protected trademark and *Co-Rect* violated the Lanham Act when it used a confusingly similar expression in its brochure. *See id.* at 1328. The district court found that the distributor “owned common law trademark rights in the expression, and that *Co-Rect*’s duplication of the brochure” was actionable under the Lanham Act. *Id.* On appeal, the Eighth Circuit Court of Appeals found that the district court erred in finding that the expression was entitled to protection, and therefore, the court rejected the plaintiff’s claim without having to decide if actual confusion existed and whether the plaintiff was entitled to damages. *See id.* at 1334.

66. *See id.* at 1332-33.

67. 904 F.2d 1244 (8th Cir. 1990).

ing enthusiasts and advertised the magazine through the use of a mailer.⁶⁸ Woodsmith Publishing sued another publisher of a competing woodworking magazine for trade dress infringement after it began advertising its magazine with mailers similar to Woodsmith's and after Woodsmith started receiving inquiries from its subscribers regarding the other publisher's magazine.⁶⁹

The court in *Woodsmith* reiterated the Eighth Circuit's position and stated unequivocally, albeit in a footnote, that "[p]roof of actual confusion is necessary for an award of damages. [However, i]n order to obtain injunctive relief, [all that is required is] proof of likelihood of confusion"⁷⁰ Like *Co-Rect*, the court did not have the opportunity to apply the actual confusion standard to the case to uphold an award of monetary damages because the court held that the evidence presented was insufficient and that no reasonable trier of fact could find even a likelihood of confusion.⁷¹

The law in the Eighth Circuit appeared settled. However, in *Masters v. UHS of Delaware, Inc.*, the Eighth Circuit reconsidered its prior precedent when it once again addressed the issue of whether the Lanham Act requires proof of actual confusion.⁷²

IV. INSTANT DECISION

Masters was decided by Judges Roger L. Wollman, James B. Loken, and David R. Hansen of the Eighth Circuit Court of Appeals.⁷³ Writing for the court, Judge Wollman addressed UHS's contention that case law precludes an award of monetary relief absent proof of actual confusion.⁷⁴ Rejecting this argument, the court stated that "[n]either the relevant statutes nor our previous case law dictates that we require actual confusion to support the jury's award in this case."⁷⁵ Noting that the rule does not come from the text of the Lanham Act, but from prior cases, the court found that the court's prior statements requiring proof of actual confusion were dicta, and thus, the court was not bound to follow them.⁷⁶

The court opined that the facts of the case demonstrate why requiring actual confusion undermines the purpose of the Lanham Act.⁷⁷ The court stated that because the Lanham Act remedies are intended to be equitable in nature, "[t]here might be some situations in which a Lanham Act plaintiff

68. *Id.* at 1245-46.

69. *Id.* at 1246.

70. *Id.* at 1247 n.5.

71. *Id.* at 1250.

72. *Masters v. UHS of Del., Inc.*, 631 F.3d 464, 472 (8th Cir. 2011), *cert. denied*, 131 S. Ct. 2920 (2011).

73. *Id.* at 467.

74. *See id.* at 471.

75. *Id.* at 472.

76. *See id.* at 472-73.

77. *Id.* at 473.

would be entitled to monetary but not injunctive relief” despite the fact that injunctive relief is the preferred remedy in resolving trademark disputes; the “disgorgement . . . of profits may be appropriate to remedy unfair infringement.”⁷⁸ The court found that here, injunctive relief would not provide a sufficient remedy because UHS had already severed all ties to the mark.⁷⁹ Under the facts of this case, injunctive relief would essentially provide the plaintiff with no relief.⁸⁰ Thus, the court found that “monetary relief was appropriate.”⁸¹

Moreover, the court noted that the circumstances of the case created additional evidentiary problems.⁸² Specifically, the court pointed out that trademark cases usually involve a plaintiff alleging that the defendant’s trademark is similar to his own, and actual confusion can be proven with direct evidence in the form of testimony from consumers, and through circumstantial evidence, such as consumer surveys.⁸³ Further, the fact finder can engage in an objective analysis by comparing objective characteristics of the marks in question.⁸⁴

In contrast, the court explained that under these facts a different type of comparison was required, “i.e., between the use of the mark the licensing agreement grant[ed] and UHS’s actual use of the mark.”⁸⁵ The court found that the typical ways of proving actual confusion were not helpful in this analysis.⁸⁶ Further, Masters and UHS “were not competitors in the marketplace,” so it was not a question of whether the two companies were using marks that were confusingly similar.⁸⁷ Therefore, the court concluded that the actual confusion requirement was not workable in this case.⁸⁸

Instead of requiring actual confusion, the court concluded that “the relevant criterion is the degree to which each party remained faithful to the terms of the license agreement.”⁸⁹ The court deferred to the jury’s findings that UHS committed trademark infringement when it used the mark to promote programs unrelated to sexual trauma or dysfunction and to promote treatment techniques that did not utilize Masters’ methodology.⁹⁰ Because the court

78. *Id.* at 471 (alteration in original).

79. *Id.*

80. *See id.*

81. *Id.* at 473.

82. *Id.*

83. *Id.*

84. *See id.*

85. *Id.*

86. *See id.*

87. *Id.*

88. *See id.*

89. *Id.*

90. *Id.*

determined that evidence of actual confusion was not required, the court upheld the jury's verdict.⁹¹

The court believed that this conclusion conformed to the principles of equity.⁹² "Disgorgement exists to deter would-be infringers and to safeguard against unjust enrichment."⁹³ Given the notoriety of the mark, the court reasoned that UHS's use of the mark for services outside the scope of the licensing agreement gave legitimacy to these services, and as a result, UHS was unjustly enriched.⁹⁴ Moreover, "UHS acted in a way likely to cause confusion, to cause mistake, and to deceive others . . . as to Masters's approval of those unauthorized programs."⁹⁵ The court held that "[s]uch a violation entitles Masters to a disgorgement of UHS's profits, subject to principles of equity."⁹⁶

The *Masters* court recognized that placing such a limit on trademark plaintiffs potentially leads to decisions that are not equitable.⁹⁷ Given that these constraints were not mandated by the language of the Lanham Act,⁹⁸ the court chose to go in what it deemed a more equitable direction.⁹⁹ However, the court did not expressly state whether all trademark plaintiffs are entitled to this lower burden of proof or whether the new standard is limited to cases presenting similar evidentiary problems.¹⁰⁰

V. COMMENT

In *Masters*, the court clarified the law in the Eighth Circuit and declared that a trademark plaintiff's failure to establish proof of actual confusion is not fatal to his claim for monetary damages under the Lanham Act – at least under the facts of the case.¹⁰¹ The decision appears to do away with what was unquestionably a substantial obstacle to the recovery of monetary relief for trademark plaintiffs, and one that many criticized for its tendency to produce harsh results.¹⁰² This was particularly true with respect to the unfairness that resulted in cases where it was clear the trademark owner was injured as a result of the infringer's use of the trademark, but due to a lack of evidence

91. *Id.* at 473, 475.

92. *Id.* at 473.

93. *Id.*

94. *Id.*

95. *Id.* at 474.

96. *Id.*

97. *See id.* at 473-74.

98. *See* 15 U.S.C. §§ 1051-1141 (2006); *Masters*, 631 F.3d at 473-74.

99. *Masters*, 631 F.3d at 473-74.

100. *See id.* at 475-76.

101. *Id.* at 472-73.

102. *See supra* Part III.

showing actual confusion, the plaintiff was limited to injunctive relief.¹⁰³ However, questions remain.

The *Masters* court did not clarify whether its holding is limited to factual circumstances where the parties are not competitors in the marketplace and evidence of actual confusion (in the forms of direct testimony and survey evidence) is not helpful.¹⁰⁴ This case may signify the complete demise of the actual confusion requirement in the Eighth Circuit. However, the continued split in the federal courts¹⁰⁵ and the injustices that continue to result from the actual confusion requirement make this issue ripe for review by the United States Supreme Court.

The Comment section of this Note first argues that proof of actual confusion is not necessary to establish that a trademark plaintiff has been injured as a result of the infringer's use of a mark confusingly similar to the plaintiff's.¹⁰⁶ Next, this Note will illuminate the evidentiary problems created by the actual confusion requirement and argue that removing the actual confusion requirement is necessary to relieve trademark plaintiffs from this unjust burden.¹⁰⁷ Finally, this Note will argue that the standard laid out in *Masters* – a likelihood of confusion – better complies with the plain language of the Lanham Act.¹⁰⁸ Ultimately, the Eighth Circuit's decision to reject the actual confusion requirement will lead to fairer results in trademark litigation under the Lanham Act.

A. Trademark Plaintiffs Can Be Injured Even if Consumers Are Not Actually Confused

The reasons for permitting plaintiffs to obtain injunctive relief are fairly obvious. If a plaintiff establishes trademark infringement, then a court's failure to issue at least an injunction would force the plaintiff to sit idly by and wait until he actually suffers an injury from the infringer's use of his mark.¹⁰⁹ Courts are in agreement that plaintiffs can get injunctive relief under these circumstances.¹¹⁰ However, some courts have essentially taken the position that "while the likelihood of confusion standard is reasonable to enjoin future infringement . . . something more is required to justify a monetary award."¹¹¹ The reason for this is that, unlike injunctive relief, "monetary relief does not

103. See *Masters*, 631 F.3d at 473.

104. See *id.* at 475-76.

105. See Robins, *supra* note 55, ¶¶ 70-74.

106. See *infra* Part V.A.

107. See *infra* Part V.B.

108. See *infra* Part V.C.

109. See Robins, *supra* note 55, ¶ 15.

110. See *id.* ¶ 16 & n.34.

111. Stolte, *supra* note 40, at 244 (citation omitted) (internal quotation marks omitted).

follow as a matter of course after a finding of infringement.”¹¹² Theoretically, a plaintiff could challenge the defendant’s similar trademark early enough that he in fact would suffer no harm. However, just because no consumers were actually confused, and presumably the plaintiff lost no sales prior to obtaining injunctive relief, it does not follow that the plaintiff should not be entitled to compensation.

For example, even if no consumers purchased the infringer’s product under the false impression that the product’s origin was the plaintiff, if the infringer extensively advertised his product under the plaintiff’s mark, it may be necessary for the plaintiff to incur the costs of an advertisement campaign to clarify any possible confusion in the minds of those individuals who may have viewed the infringer’s advertisement and associated it with the plaintiff.¹¹³ Further, requiring trademark infringers to compensate their victim creates greater deterrence against would-be infringers, which is one of the primary purposes of the Lanham Act’s equitable remedy scheme.¹¹⁴

Courts have been reluctant to force a trademark infringer to pay damages on the basis of what some have deemed a “speculative and subjective . . . finding.”¹¹⁵ However, even when plaintiffs present proof of actual confusion, the ultimate damage award is still speculative.¹¹⁶ Although proof of actual confusion may provide a more objective means of showing injury, proving actual confusion, even through the testimony of actual consumers claiming they purchased the infringer’s product under the mistaken belief that it was produced by the plaintiff, does not establish that all of the consumers who bought the product did so under the same mistaken presumption. Under this scenario, the trademark owner is still receiving compensation in excess of the damages he actually proved. Testimonial evidence only establishes the factual injury as it relates to those particular consumers who testify as witnesses; it does not establish the actual extent to which the plaintiff was injured.

B. Evidentiary Problems Created by the Actual Confusion Requirement

Obtaining evidence of actual confusion presents a very formidable challenge to plaintiffs in trademark infringement cases.¹¹⁷ Further, even when a

112. David S. Almeling, *The Infringement-Plus-Equity Model: A Better Way to Award Monetary Relief in Trademark Cases*, 14 J. INTELL. PROP. L. 205, 211 (2007).

113. *See id.* at 234.

114. *See* *Masters v. UHS of Del., Inc.*, 631 F.3d 464, 471 (8th Cir. 2011), *cert. denied*, 131 S. Ct. 2920 (2011).

115. Stolte, *supra* note 40, at 244.

116. *See id.* at 474-75.

117. *See id.* at 473.

plaintiff presents evidence of actual confusion, such evidence is typically vague and ambiguous and comes from “untrustworthy sources.”¹¹⁸

Simply tracking down consumers who may have been confused by the infringer’s mark is difficult. Consumers may not realize the product did not originate from the company that they associated with the mark at the time of purchase.¹¹⁹ The consumer may ultimately realize the product is not genuine but accept it as an adequate substitute.¹²⁰ Moreover, the consumer may not know where to complain, or he may complain to the retailer who then fails to inform the infringer.¹²¹ At least one legal scholar has pointed out that “consumers have no incentive to communicate with the producer of the goods . . . particularly where there are no discernible differences between the qualities or characteristics of the plaintiff[s] goods and those goods sold by the defendant.”¹²² Consequently, the burden of tracking down potential witnesses is often enough to discourage plaintiffs from pursuing trademark infringement claims.¹²³

In addition to the difficulties plaintiffs face in tracking down witnesses, courts requiring actual confusion force trademark owners to overcome evidentiary obstacles that the courts have themselves acknowledged are very difficult to overcome.¹²⁴ One of the biggest obstacles is “to entice a consumer who has manifested actual confusion or mistake to appear and testify in court, sit for a deposition, or even sign a declaration or affidavit in the first place.”¹²⁵ Their reluctance to participate could be based on a number of factors, including traveling expenses, whether they have to miss work or make arrangements for someone to care for their children, or whether they are willing to endure the stress that formal legal proceedings would cause.¹²⁶ Thus, even when the plaintiffs manage to find consumers who were actually confused by the infringer’s mark, they often still face a steep uphill battle in enticing the witnesses to assist in the litigation.

Survey evidence, which has been referred to as the next best evidence aside from direct testimony in proving actual confusion, is not an ideal alternative to witness testimony. This is in part because obtaining survey evidence is expensive,¹²⁷ and even after securing the evidence “the admissibility and reliability of survey evidence is . . . likely to be challenged by the opposing side, [and subsequently] litigation costs related to the defense of a survey

118. Robins, *supra* note 55, ¶¶ 1-2.

119. Stolte, *supra* note 40, at 246.

120. *Id.*

121. *Id.*

122. Robins, *supra* note 55, ¶ 27.

123. Stolte, *supra* note 40, at 247-48.

124. *Id.* at 245.

125. *Id.* at 247.

126. *Id.* at 247-48.

127. *Id.* at 249.

can significantly increase.”¹²⁸ The plaintiff will then have to consider these costs, which may be more than the damages sustained by the plaintiff, in which case he is likely to just accept his losses and drop the lawsuit.¹²⁹ This is an unfair and unacceptable consequence of the actual confusion requirement. The *Masters* court’s decision to uphold the monetary award despite the fact that Mrs. Masters failed to prove actual confusion seems to finally rid plaintiffs of the need to meet this substantial burden in the Eighth Circuit.¹³⁰

C. The Lanham Act’s Plain Language Establishes “Likely to Cause Confusion” as the Proper Standard in Trademark Infringement Cases

In coming to its conclusion, the *Masters* court correctly pointed out that the text of the Lanham Act does not require actual confusion to support an award of monetary damages.¹³¹ The language of the Lanham Act merely requires that the plaintiff prove infringement and that the trademark is “likely to cause confusion.”¹³² Each circuit utilizes its own multifactor test to establish likelihood of confusion under the Lanham Act.¹³³ While one of the factors commonly considered is actual confusion, failing to prove actual confusion should not generally preclude the plaintiff from winning because infringement can be established from the other factors.¹³⁴ Evidence of actual confusion should not be required to arrive at a determination of likelihood of confusion. It should simply be one factor among many.

After the plaintiff proves infringement, the text of the Lanham Act permits him to recover injunctive or monetary relief “subject to the principles of equity.”¹³⁵ Its text broadly refers to the “principles of equity,” not actual confusion.¹³⁶ And as the *Masters* court noted, an award of profits is an equitable remedy intended to deter willful infringement or prevent unjust enrichment.¹³⁷ Accordingly, the text of the Lanham Act supports the argument that all the remedies provided by the Lanham Act should potentially be available to plaintiffs who prove infringement, regardless of whether they prove actual

128. *Id.* at 250.

129. *See id.*

130. *See Masters v. UHS of Del., Inc.*, 631 F.3d 464, 472 (8th Cir. 2011), *cert. denied*, 131 S. Ct. 2920 (2011).

131. *Id.*

132. 15 U.S.C. § 1125(a)(1)(A) (2006).

133. *See Robins*, *supra* note 55, ¶ 7.

134. *See id.* ¶¶ 7-8.

135. 15 U.S.C. §§ 1117(a), 1125(a)(1)(A).

136. *Id.* § 1125(c)(5).

137. *See Masters v. UHS of Del., Inc.*, 631 F.3d 464, 471 (8th Cir. 2011), *cert. denied*, 131 S. Ct. 2920 (2011).

confusion.¹³⁸ “This is the inescapable conclusion if one were to limit a review to the explicit language of the Lanham Act”¹³⁹

VI. CONCLUSION

In holding that Mary Masters did not have to produce evidence of actual confusion to uphold the jury’s monetary damages award, the Eighth Circuit removed a substantial obstacle in the face of plaintiffs asserting trademark infringement claims under the Lanham Act.¹⁴⁰ With the decision, the Eighth Circuit joins the ever-growing number of circuits that now allow trademark plaintiffs to establish claims for monetary damages absent proof of actual confusion. If courts in the Eighth Circuit construe the *Masters* holding broadly to apply to typical trademark infringement cases, the case should be viewed as a huge step forward. Requiring plaintiffs to produce evidence of actual confusion not only places a substantial burden on plaintiffs, but it fails to address courts’ concerns over awarding speculative damages. Further, it better comports with the Lanham Act’s plain language, which supports an award of damages when the plaintiff proves the infringer’s mark is “likely to cause confusion” among consumers in the marketplace.¹⁴¹

The *Masters* court did not, however, clarify whether its holding applies to all trademark plaintiffs asserting claims under the Lanham Act.¹⁴² Further, many courts continue to apply the actual confusion requirement.¹⁴³ Given the requirement’s tendency to completely bar trademark plaintiffs from obtaining meaningful recovery, it may be time for the United States Supreme Court to settle this issue once and for all. Given how valuable trademarks can be in the marketplace, more effective deterrence is needed. Holding trademark infringers accountable by forcing them to compensate the plaintiff will provide this much needed deterrence.

138. Stolte, *supra* note 40, at 243-44.

139. *Id.*

140. *See Masters*, 631 F.3d at 472.

141. *See* 15 U.S.C. § 1125(a)(1)(A).

142. *See Masters*, 631 F.3d at 475-76.

143. *See supra* notes 61-62 and accompanying text (including cases demonstrating that some circuits do require evidence of actual confusion).