

Keywords: trademark; likelihood of confusion; component part; point-of-sale confusion; downstream confusion

General: Infringement defendant who sells component part for plaintiff's end product can use plaintiff's trademark to show that its product is component part, provided defendant otherwise makes clear to prospective purchasers that part was not made by plaintiff; in present case, defendants' sales of their replacement grilles for plaintiff's vehicles, embedded with plaintiff's "bow tie" and "GMC" designs, are not likely to cause either point-of-sale confusion or "downstream" confusion.

General Motors Corp. v. Keystone Automotive Industries Inc.
75 U.S.P.Q.2d 1892 (E.D. Mich.)
Decided May 10, 2005

I. Facts

Plaintiff General Motors Corp. ("GM") filed a complaint against Defendants Keystone Automotive Industries ("Keystone") and Tong Yang Industry Company ("Tong Yang") for trademark infringement and unfair competition under federal and state law. Specifically, in the complaint, GM alleged that Tong Yang replacement grilles used GM designations (i.e., the Chevrolet "bow tie" and "GMC" designs), and therefore violated GM's federal and Michigan common law trademark rights, § 43(a) of the Lanham Act, and Michigan common law regarding unfair competition.

Tong Yang produces and sells automobile replacement parts for vehicles such as those produced by GM. Tong Yang manufactures the replacement parts in Taiwan and sells them to distributors such as Keystone for sale in the United States. Keystone sells a majority of the parts to collision repair shops (including some owned by GM), but also sells to individual vehicle owners over the internet.

The Tong Yang parts implicated by the complaint are replacement grilles which have indentations of the GM trademarks (i.e., the Chevrolet "bow tie" and "GMC" designs). A colored plastic emblem that is manufactured and sold by GM is later placed on the indentation.

The parties filed cross motions for summary judgment regarding the likelihood of confusion. The keystone of that portion of unfair competition law which relates to trademarks is the avoidance of a likelihood of confusion in the minds of the buying public. Whether trademark infringement or unfair competition is alleged, the same enquiry is relevant – whether defendant's acts are likely to cause confusion.

II. Issues

Is there a likelihood of confusion between Plaintiff's and Defendant's products?

III. Discussion

No. A defendant can use a plaintiff's trademark to show that it is a component part so long as they otherwise make it clear to the likely buyer that the part was not made by the plaintiff.

Eight factors may be considered in evaluating whether a likelihood of confusion exists between products. These factors are simply a guide to help determine whether confusion is likely. The ultimate question remains whether relevant consumers are likely to believe that the products or services offered by the parties are affiliated in some way.

The first factor to consider is “strength of the plaintiff’s mark.” This is a factual determination of the distinctiveness of the mark. The more distinctive the mark (i.e., the more the public readily accepts the mark as the hallmark of a particular source), the more likely that confusion will result from its infringement.

The GM marks are clearly well known.

The second factor to consider is “relatedness of the goods.” There are basically three categories of cases: (1) direct competition of goods, in which case confusion is likely if the marks are sufficiently similar; (2) somewhat related goods but no direct competition, in which case the likelihood of confusion may or may not result depending on other factors; and (3) goods are totally unrelated, in which case confusion is unlikely.

In the present case, the parties generally sell their goods to different buyers. Thus, although the goods serve the same purpose, they are not directly competitive.

The third factor to consider is “similarity of the marks.” Courts emphasize that this is normally a factor of considerable weight.

In the present case, the marks are not only similar, they are identical.

The fourth factor to consider is “evidence of actual confusion.” Actual confusion evidence requires that a plaintiff show that some of the defendant’s actual customers purchased the product and believed it was the plaintiff’s product.

GM has provided no evidence of actual confusion. GM merely provided theorized possible methods for Defendant’s customers to defraud subsequent purchasers. Thus, GM has not shown that any of the customers were actually confused, but rather that they could potentially be confused.

The fifth factor to consider is “marketing channels used.” This factor consists of considerations of how and to whom the respective goods are sold. This may include two relevant inquiries. First, it should be determined whether the plaintiff’s customers are also the defendant’s customers. Second, if the parties share customers, it should be determined whether the parties market the goods the same.

In the present case, there is some overlap between GM’s and Keystone’s customers (i.e., the GM dealerships). However, there is no evidence regarding how the parties market their products.

The sixth factor to consider is “likely degree of purchaser care and sophistication.” Generally, in assessing the likelihood of confusion to the public, the standard used by the courts is the typical buyer exercising ordinary caution. However, when a buyer is more sophisticated with respect to the goods at issue, a higher standard is proper. Similarly, when the goods are expensive or unusual, the buyer can be expected to exercise greater care. When goods are sold to sophisticated buyers, other things being equal, there is less likelihood of confusion. When a buyer class is mixed, the standard of care to be exercised by the reasonably prudent purchaser should equal that of the least sophisticated consumer in the class.

In the present case, while members of the public can purchase the replacement grilles, the Court must consider the predominant users of the parties’ goods. The predominant users in this case consist of collision shop owners and other involved in the automobile industry. These users have a high degree of sophistication and, thus, there is less of a likelihood of confusion.

The seventh factor to consider is “intent of the defendant in selecting the mark.” Intent is relevant because purposeful copying indicates that the alleged infringer, who has at least as much knowledge as the trier of fact regarding the likelihood of confusion, believes that his copying may divert some business from the senior user.

In the present case, GM argued that Tong Yang intended to copy its protected mark. GM supported this claim by offering evidence that Tong Yang changed the format of its placeholder to a shape to which GM did not object after litigation began. However, this is evidence of a subsequent remedial measure, which is generally prohibited by the Federal Rules of Evidence (Rule 407).

The eighth factor to consider is “likelihood of expansion of the product lines using the mark.” This factor involves the likelihood of expansion in geography (i.e., selling the goods at issue in more places) as well as the types of products (i.e., using the disputed mark on new products that are in the same channels of trade).

In the present case, the parties did not dispute the eighth factor because there is no evidence that the Defendants plan to expand their sales territory and, like GM, they already sell replacement grilles.

Based on the present facts, the eight-factor analysis is inconclusive. However, courts look at the totality of the circumstances to determine whether a purchaser would likely be confused. Further, based on similar factual situations, it has been established that a defendant can use a plaintiff’s trademark to show that it is a component part so long as they otherwise make it clear to the likely buyers that the part was not made by the plaintiff.

In the present case, GM has not shown that the relevant audience views the “bow tie” and “GMC” indentations on the grille as an indicator of origin. Instead, it relies on the general strength of its marks, which is insufficient. On the other hand, defendants have presented evidence that collision shop owners do not associate the placeholder with the part’s origin.

Regarding point-of-sale confusion, even if the placeholder is treated as a trademark, the circumstances show that a buyer at the point of sale would not be confused. This is clear because Tong Yang has their “OTN” trademark and “Made in Taiwan” molded into their grilles among other things.

Likewise, there is no likelihood of downstream confusion in the present case. First, the viewing public cannot see the placeholder at issue because it will be covered by a colored medallion in the shape of the “bow tie” or “GMC.” Second, regarding subsequent purchasers, as with the point-of-sale purchasers discussed above, there is no likelihood of confusion when the Tong Yang grilles come clearly marked and packaged.

IV. Conclusion

The Court found that there was no likelihood of confusion between Plaintiff’s and Defendant’s products. Therefore, the Court granted the Defendant’s motion for summary judgment and denied the Plaintiff’s motion for summary judgment.

It should be noted that GM did not allege trade dress infringement. While trade dress infringement historically consisted of copying a product’s packaging, it has been expanded to include product shapes. However, to reiterate, GM did not make this type of claim (e.g., that the shape and appearance of the Tong Yang grille constituted a trade dress violation).