

PRESENTED BY  
K&L GATES

# Sweet as *Hard Candy*

K&L Gates' Susan Kayser and Aryane Garansi report on a recent US decision concerning a cosmetic company's use of the phrase "hard candy" as a makeup shade.



**IS IT OKAY** to use a competitor's trade mark as a style name? If that term could have another meaning that describes your product, can you use it? While each situation is fact specific, how the term is used is key. These questions were recently decided by the United States Court of Appeal for the Eleventh Circuit in a decision that cuts both ways for brand owners.

## Background

Hard Candy is a US cosmetics company that owns a federal trade mark registration for Hard Candy and licenses its trade mark to a third-party selling beauty products at Walmart. Anastasia Beverly Hills, another US cosmetics company, sold 'Gleam Glow Kits' (flip-open makeup palettes) that used the term Hard Candy for one of four facial highlighter shades on the inside and back of the kit. The other three shade names were Mimosa, Starburst, and Crushed Pearl.

Anastasia claimed it chose the Hard Candy name for the shade because it had a 'shimmer' that was reminiscent of the shimmer of butterscotch-flavoured hard candy. She had heard of Hard Candy nail polish in the 1990s, but was not aware that the Hard Candy brand still existed when it adopted the name for its shade.

## Decision

Anastasia argued its use of Hard Candy merely described the colour of its highlighter shade and was not used as a trade mark (i.e. as a badge of origin). The shade name only appeared inside and on the back of the kit within a product that clearly bore the trade mark Anastasia Beverly Hills. The court found that the overall impression created, including the sound, appearance, and manner of use of Hard Candy in connection with the Gleam Glow Kit, was descriptive (it described a shade and not used as a trade mark).

On appeal, the appeal court agreed with the lower court that Anastasia's use of Hard Candy was lawful. It found the term was used in good faith to describe the highlighter, as it was evocative of the sheen or shimmer of the makeup shade (as were the terms Mimosa, Starburst and Crushed Pearl.) Even though Anastasia used words identi-

cal to Hard Candy's mark, the court found it did not use these in a manner that would suggest that Hard Candy (versus Anastasia) was the source of the goods.

The decision was good news for Anastasia as it had sold nearly 250,000 units of its Gleam Glow Kits, totalling over US\$5 million in revenue, and had posted the product on its social media accounts, which have millions of followers. The court focused on Hard Candy's inability to produce any evidence of actual consumer confusion in the face of high sales of the Gleam Glow Kits. Here, "hundreds of thousands of cosmetics consumers purchased the allegedly infringing kit... [and] more likely saw it on store shelves or online, and still there is no evidence that anyone, anywhere, was ever confused about whether Anastasia or Hard Candy was responsible for the product."

## What does this mean for fashion brands

Australian courts will also look at how a phrase is used when assessing whether such use is trade mark use and therefore infringing. Courts will assess whether the phrase has been used 'as a trade mark,' and is therefore capable of infringing a trade mark registration, or whether it is merely descriptive.

To avoid falling foul of trade mark laws, best practice is to conduct some level of clearance searches to see if a proposed style or product name is a trade mark (or risk litigation or product recalls). If risks are identified, it is also important to consider how the term is to be used and the context of the use. If any doubt, seek advice from an IP lawyer and ask that they review at least a mock-up of the product or packaging. Factors such as placement of the term on the product/packaging and prominence to other text and marks can be crucial for determining whether the use is likely to be found lawful or infringing. ■

*For more information about the matters discussed in this article please contact Susan Kayser, Partner at K&L Gates (email Susan.Kayser@klgates.com). This article is for informational purposes and does not contain or convey legal advice. The information herein should not be used or relied upon in regard to any particular facts or circumstances without first consulting a lawyer.*