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Protecting Products That Go Hollywood [MCLE self study]

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MCLE Self Study

March 2004

Protecting Products That Go Hollywood

By Robert C. Welsh and Pratheepan Gulasekaram

Edited by Barbara Kate Repa
Category: Intellectual Property

Ever since ET, the extraterrestrial, was lured from his hiding place with Reese's Pieces, manufacturers have recognized the tremendous power of movies and other artistic works to shape consumer attitudes toward their products. Often these associations are extremely positive-prompting manufacturers to pay huge fees to have their products prominently featured in films and television programming.

But not all mentions are welcome. Frequently, artists and trademark owners clash when "marks" are made the subject of parodies, satires, or other allegedly negative portrayals. Invariably, the trademark owners respond with federal infringement claims and state law claims based on unfair competition and antilution.

Basics of Infringement Claims

The underlying tenet of the federal trademark law, the Lanham Act (15 U.S.C. §§ 1051-1129), is consumer protection. First and foremost, the law is designed to protect the "source identifying" function of trademarks-to preserve a trademark's ability to identify the provider of the goods or services associated with the mark. (*Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003).)

As such, the touchstone of trademark infringement is consumer confusion. Fundamentally, plaintiffs asserting infringement stemming from unauthorized use of their products and trademarks in artistic works argue that consumers are likely to think that the movie, literary work, song, or other artistic depiction is endorsed by, sponsored by, or somehow affiliated with the plaintiffs' trademarked products. (*See, Hormel Foods Corp. v. Jim Henson Prods.*, 73 F.3d 497 (2d Cir. 1996); *Caterpillar v. Walt Disney Studios*, 287 F. Supp. 2d 913 (N.D. Ill. 2003)).

Dilution: Blurring and Tarnishment


Unlike infringement's focus on consumer protection, trademark dilution laws are closer to earned property rights-with the focus on protecting the mark owner's ability to control how the trademark is used or displayed. The first type of dilution, called blurring, encompasses claims that a defendant's use of a trademark will lessen association of the mark with a plaintiff's product. The second type, tarnishment, is based on a defendant's conduct that places the trademark in an unsavory light, causing negative associations with the mark.


Blurring claims are best illustrated by *Mattel, Inc. v. MCA Records, Inc.* (296 F.3d 894 (9th Cir. 2002), cert. denied, 537 U.S. 1171 (2003)), which involved the toymaker's claim that a music group diluted its trademark by using the name Barbie in the group's song "Barbie Girl." Although absolving the defendant of liability, the court acknowledged that the defendant's use was blurring, in that "after the song's popular success, some consumers hearing Barbie's name will think of both the doll and the song, or perhaps of the song only." (296 F. 3d at 904.)


The driving concern in most trademark dilution cases involving artistic works is tarnishment. In these cases plaintiffs allege that the artists' depictions or use of the plaintiffs' trademarks degrade the marks' reputation. For example, in *Wham-O, Inc. v. Paramount Pictures Corp.* (286 F. Supp. 2d 1254 (N.D. Cal. 2003)), the producers of the movie *Dickie Roberts: Former Child Star* were sued for their comical misuse of the plaintiff's trademarked Slip-n-Slide toy.

A sampling of cases from various courts reveals analogous claims of damages to commercial reputation by association with:

1. sex and obscenity (*Dallas Cowboy Cheerleaders v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979) (associating plaintiffs-cheerleaders with pornographic movie));
2. illegal narcotic activity (*Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972) (Coke trademark displayed on poster with words *Enjoy Cocaine* in place of *Enjoy Coke*));
3. unfavorable social and political outcomes (*Caterpillar v. Walt Disney Studios*, 287 F. Supp. 2d 913 (2003) (plaintiffs bulldozers used to tear down a rain forest)); and

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4. a notorious murder trial (*Dr. Seuss Enter., L.P. v. Penguin Books, Inc.*, 924 F. Supp. 1559 (S.D. Cal. 1996), *aff'd*, 109 F.3d 1394 (9th Cir. 1997)) (using plaintiff's trademarked character in a satirical book about the O. J. Simpson murder case)).

Where the Law Is Now

Unauthorized depictions in artistic works present unique analytical problems. Obviously, distributing the latest bestseller book and the next blockbuster movie are commercial activities within the ambit of federal commerce power—the ultimate constitutional source for federal trademark laws. It is therefore understandable that trademark law requires that the alleged dilution must amount to a "commercial use in commerce." (15 U.S.C. § 1125). Despite falling within the reach of Congress's regulatory power by being "in commerce," however, most artistic uses of another's trademark would still be considered "noncommercial" in the First Amendment sense—that is, outside the definitional bounds of the Supreme Court's commercial speech doctrine.

Because these same books and movies do more than propose a commercial transaction, the uses fall squarely into core, protected speech under the First Amendment—affording defendants constitutional and statutory defenses inapplicable to pure commercial speech. In addition, artistic uses provide inherent defenses related to consumer sophistication and noncompetitive intent not available to unauthorized uses in the commercial sphere.

Trademark Infringement

The federal circuits use a variety of tests to determine whether the defendant's conduct creates the "likelihood of confusion" necessary to establish trademark infringement. Essentially, all variations of the tests focus on some combination of the same eight factors: strength of the plaintiff's mark, proximity of the plaintiff's and defendant's goods, similarity of marks, evidence of actual confusion, marketing channels used, type of goods and degree of care likely to be exercised by the purchaser, the defendant's intent in selecting the mark, and likelihood of expansion of the product lines. In the context of artistic works that do not compete with the trademarked products and purposefully seek to identify the trademark, however, these factors are unwieldy and unartfully applied. For example, the court in *Mattel* noted that "when a trademark owner asserts a right to control how we express ourselves—when people would find it difficult to describe the product any other way (as in the case of aspirin), or when the mark (like Rolls Royce) has taken on an expressive meaning apart from its source-identifying function—applying the traditional test fails to account for the full weight of the public's interest in free expression." (296 F.3d at 900.)

In most infringement lawsuits brought against the creators of artistic works, the trademarks are well known to consumers. In addition, there is usually no doubt that the artists intentionally use the mark to conjure the plaintiff's mark in viewers' minds. Despite the intention, however, it is clear that the defendant's unauthorized use of the mark for artistic purposes does not promote a competing product. That absence of direct competition between the trademark owner and the artist substantially lessens the likelihood of consumer confusion. As a result, there is typically little evidence showing that defendants were attempting to shortcut their way to an unfair and unearned commercial advantage by using the plaintiff's marks. Thus, when considering the distinctive markets and consumer sophistication, it appears unlikely that artistic works—especially creative works of fiction—will actually confuse consumers regarding an implied endorsement or sponsorship.

Also, in cases in which the purpose of a defendant's use is to identify a plaintiff's product, even if the ultimate goal is to describe a defendant's own product, the Ninth Circuit recognizes a nominative fair use defense to infringement suits. Such cases are typified by *Cairns v. Franklin Mint Co.*, in which the court ruled that the defendant's unauthorized use of Princess Diana's name and likeness on its products was nominative fair use, because the use merely described the defendant's "Diana-related products" and did not imply that the plaintiff sponsored or endorsed them. (292 F.3d 1139 at 1151 (9th Cir. 2002)). In these cases, trademark law's three-factor nominative fair use test is used in lieu of the multifactor likelihood-of-confusion test. It requires that the plaintiff's product must not be readily identifiable without the mark, only so much of the mark may be used as is reasonably necessary to identify the plaintiff's product, and the defendant must do nothing suggesting the plaintiff's sponsorship or endorsement.

Most courts recently have sympathized with defendants asserting these defenses. In *Hormel, Wham-O*, and *Caterpillar* the courts expressly noted that moviegoers—even children—would understand that the marks were being depicted to achieve a humorous effect, and since they realize the fantastical nature of the genre, they would not be deceived into believing the plaintiff endorsed the movies in which their marks appeared. In addition, courts recognize the paradox inherent when a plaintiff alleges confusion while asserting a tarnishment claim: If the trademark is disparaged, misused, or placed in a negative context by defendant's depiction, there is little likelihood that a reasonable consumer will be fooled into thinking that the trademark owner sponsored or endorsed the portrayal. (See, *Mattel*, 296 F.3d 894 (song mocking the values represented by Barbie dolls would not cause confusion as to *Mattel's* sponsorship).) Finally, recent cases involving nominative fair use defenses have all decidedly found for the defendants. Though stated in different ways, the message is unequivocal: In the absence of a clear showing of economic harm, courts are not interested in protecting the purely symbolic or expressive aspects of trademarks.

Even when plaintiffs can establish some likelihood of confusion, the First Amendment may protect the allegedly infringing artistic use. For example, in *Rogers v. Grimaldi*, the Second Circuit found the defendant's use of Ginger Rogers's name in a movie title to be protected, holding that, generally, the Lanham Act "should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression." (875 F.2d 994 (2d Cir. 1989).) Finding that the motion picture's title bore some artistic relevance to the underlying work, the court refused to find infringement, even though some moviegoers may have mistakenly believed that Rogers was associated with the film. The public interest in free expression outweighed the concern about consumer confusion.

Similarly, in *Mattel*, the Ninth Circuit adopted the *Beazley* balancing test to reject *Mattel's*

Summary, in *Mattel*, the Ninth Circuit adopted the *Rogers* balancing test to reject *Mattel's* infringement claim concerning the musical composition "Barbie Girl." In applying the test, the court concluded that any confusion occasioned by the song title was outweighed by free speech concerns.

The *Rogers* and *Mattel* balancing approach represents a significant departure from the earlier "alternative avenues test." This approach is best exemplified by the *Dallas Cowboy Cheerleaders* case, in which the court found the defendant-filmmaker liable, concluding that it could have expressed its message about sexuality in athletics by an alternative method that did not evoke the plaintiff's mark. (604 F.2d at 206).

Ostensibly, both approaches remain valid. However, some courts and commentators have argued for expanding the balancing test (*Charles Atlas, Ltd. v. DC Comics, Inc.*, 112 F. Supp. 2d 330 (S.D.N.Y. 2000)), while concurrently the trend seems to be to narrowly interpret-if not ignore outright-the *Cheerleaders* alternative-avenues test in favor of the *Rogers* balancing approach. For example, in the recently decided case of *Mattel, Inc. v. Walking Mountain Prods.*, the Ninth Circuit rejected the plaintiff's copyright, trademark, trade dress, and state law claims, applying the *Rogers* test to the title of a photographic series, "Food Chain Barbie," in which the artist, without authorization, photographed nude Barbie dolls in absurd and sexual circumstances involving food preparation. (2003 U.S. App. LEXIS 26294.)

Trademark Dilution

After the Supreme Court's recent decision in *Moseley*, stating a claim under the Federal Trade Dilution Act or FTDA (15 U.S.C. § 1125(c)) has become a two-step process. The first step is for a plaintiff to show that its trademark is famous, the defendant used the mark after it became famous, the defendant put the mark to a commercial use in commerce, and its mark suffered actual dilution. (*Moseley*, 537 U.S. 418). The second and often decisive step is determining whether the use falls into one of the FTDA's enumerated exemptions, absolving the defendant from liability.

Courts typically consider six factors in assessing whether an artist's use erodes a trademark's product-evoking qualities sufficiently to establish a blurring claim: similarity of the plaintiff's and the defendant's mark, similarity of the plaintiff's and the defendant's products, sophistication of consumers, any predatory intent by the defendant, renown of the plaintiff's mark, and renown of the defendant's mark. In many cases involving artistic works, the blurring framework is inapposite: Artists use or display the trademarked product to specifically identify the trademarked product and no other product.

In most instances, referencing a product in an artistic work will not lessen the identifying power of the mark; to the contrary, presenting the mark in a motion picture or parodying it in a magazine will more likely heighten association of the mark with the plaintiff's product. As the court noted in *Hormel*, a case in which the meat company sued over the creation and merchandising of a wild boar puppet named Spa'am: "There is very little likelihood that Henson's parody will weaken the association between the mark SPAM and Hormel's luncheon meat. Instead, like other spoofs, Henson's parody will tend to increase public identification of Hormel's mark with Hormel." (73 F.3d at 506.) Only in limited instances, such as the song title in *Mattel*, will a mark in an artistic work be used to identify another trademarked product, rendering blurring analysis relevant.

After *Moseley*, it is also apparent that tarnishment claims against artistic works will not succeed without clear evidence of consumer confusion and resulting economic damage. Indeed, it remains unclear whether tarnishment is still a viable claim under the FTDA. In any event, asserting such claims appears to have little chance of succeeding in the face of the "noncommercial use" exception to the FTDA. (15 U.S.C. §§ 1125(c)(4)(b)). The exception, the parameters of which track the U.S. Supreme Court's commercial speech doctrine, appears to shield motion pictures and other artistic expressions from most blurring and tarnishment liability.

Undeniably, trademarked products have evolved into symbols for values, ideas, and experiences that help shape popular cultures. Increasingly, artists reference these marks as a way of effectively communicating their expressive message. In recognition of this broader role of trademarks, courts have narrowed the reach of trademark law to allow that trademarks be more freely incorporated in artistic works.

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