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Unfair Competition: Copy Cats Can No Longer Take the Money and Run

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UNFAIR COMPETITION: COPY CATS CAN NO LONGER "TAKE THE MONEY AND RUN"

To avoid the difficulty and expense of using a celebrity in promotional endeavors of a product or service, a promoter may choose to employ a celebrity look-alike to deliver the same message to potential customers at a mere fraction of the cost of obtaining the actual celebrity. If improperly done, however, the promoter may violate the Lanham Act[1] ("the Act") and become liable for unfair competition as prohibited by the Act.[2]

In *Allen v. National Video, Inc.*[3] *("Allen")*, Woody Allen, an international celebrity, famous for his work as a film director, writer, actor and comedian,[4] brought an action against the operator of a chain of video stores ("National"). National published an advertisement which included a gentleman who bore a striking resemblance to Allen. Allen moved for summary judgment, alleging violations of the right to privacy, the right to publicity and the Act's prohibition of misleading advertising.[5] Although the United States District Court for the Southern District of New York discussed the violations of the right to privacy and publicity claims, it ultimately granted Allen's motion based on a violation of the Act.[6] The court enjoined the look-alike model from appearing in advertising that could confuse consumers as to its source or sponsorship.

Woody Allen has been an internationally famous celebrity for over

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1. 15 U.S.C. § 1125(a) (1982). The statute reads:

Any person who shall affix, apply, or annex or use in connection with any goods or services, . . . a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, . . . shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such a false description or representation.

2. Lanham Act § 43(a), 15 U.S.C. § 1125(a) (1982). The legislative history of the Act clarifies that "[t]here is no essential difference between trade-mark infringement and what is loosely called unfair competition. Unfair competition is the genus of which trade-mark infringement is one of the species; 'the law of trade-mark infringement is but a part of the broader law of unfair competition.' " (citations omitted). 1946 U.S. CODE CONG. & ADMIN. NEWS 1274, 1275.

3. Allen v. National Video, Inc., 610 F. Supp. 612 (S.D.N.Y. 1985).

4. *Id.* at 617.

5. *Id.*

6. Chief Justice Motley decided the case.

fifteen years.[7] Among the films he has directed are "Manhattan," "Bananas," "Sleeper," "The Purple Rose of Cairo," and Academy Award winner "Annie Hall." Allen's "reputation for artistic integrity ha[s] significant, exploitable, commercial value."[8]

Allen's claim arose because an advertisement, issued by National in promoting its nationally franchised video chain, included a photograph of Phil Boroff ("Boroff")—a model whose likeness and pose strongly resembled that of Allen.[9] The advertisement's headline read, "Become a V.I.P. At National Video. We'll Make You Feel Like A Star."[10] The advertisement appeared in various issues of two different magazines, *Video Review*[11] and *Take One*,[12] as well as on counter cards at all National franchises. Only the *Video Review* publication included a disclaimer.[13] Consequently, the photograph in question was used for commercial purposes. However, Allen had not given consent to use the photograph.

National conceded that it intended for Boroff to evoke, by reference, Allen's general persona. However, National claimed that it did not intend to imply that the person depicted was actually Allen or that Allen endorsed National in any way. Conversely, National intended that Boroff be interpreted as a Woody Allen fan, who was so engrossed by Allen that he had actually adopted the star's characteristics and that he was able to live out his fantasy by receiving star treatment at National Video. The knowledgeable viewer was supposed to be amused that National's counter person actually believed that the customer was Woody Allen.[14]

The court first addressed the right to privacy and the right to publicity claims in framing the questions arising when using a celebrity look-

7. *Allen*, 610 F. Supp. at 617.

8. *Id.*

9. *Id.* The photo portrays Boroff in a National Video store. "He is a gentleman in his forties, with a high forehead, tousled hair and heavy black glasses. The gentleman's elbow is on the counter, and his face, bearing an expression at once quizzical and somewhat smug, is leaning on his hand."

10. *Id.* at 618. The advertisement explains that holders of a V.I.P. card will receive benefits such as discounts and quick rental service, and concludes "you don't need a famous face to be treated to some pretty famous service."

11. *Id.* VIDEO REVIEW is published in New York and distributed in the Southern District. The advertisement appeared in the March, 1984 issue.

12. *Id.* TAKE ONE is an inhouse publication that National Video distributes to franchises nationwide. The advertisement appeared in the April, 1984 issue.

13. *Id.* The disclaimer read "Celebrity double provided by Ron Smith's Celebrity Look-Alikes, Los Angeles, Calif."

14. *Id.*

alike.[15] In New York state, the right to privacy is a statutory right based on sections 50 and 51 of the New York Civil Rights Law of 1903.[16] The courts have strictly construed this right because it is in derogation of New York common law[17] and because of its potential conflict with first amendment law—particularly in cases involving public figures.[18]

In an action for violation of the right to privacy, the plaintiff must satisfy three elements: "1) use of his name, portrait or picture, 2) for commercial trade purposes, 3) without permission."[19] The required elements in an action for violation of the right of publicity are the same as those for the privacy claim, with the additional requirement that the plaintiff have a property interest with monetary value in his or her name or face.[20] In *Allen*, the district court found this additional requirement was satisfied and treated Allen's privacy and publicity claims together, applying the right to privacy elements.[21] It was clear to the court that

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15. *Id.* at 620.

16. Section 50 reads:

> A person, firm or corporation that uses for advertising purposes, or for the purposes of trade, the name, portrait or picture of any living person without having first obtained the written consent of such person, is guilty of a misdemeanor.

N.Y. CIV. RIGHTS LAW § 50 (McKinney 1976).

Section 51 reads:

> Any person whose name, portrait or picture is used within this state for advertising purposes or for purposes of trade without the written consent first obtained as above provided may maintain an equitable action in the supreme court of this state against the person, firm or corporation so using his name, portrait or picture to prevent and restrain the use thereof; and may also sue and recover damages for any injuries sustained by reason of such use and if defendant shall have knowingly used such person's name, portrait or picture in such a manner as is forbidden or declared to be unlawful by [§ 50 of this article], the jury, in its discretion, may award exemplary damages. . . .

N.Y. CIV. RIGHTS LAW § 51 (McKinney 1976).

17. Shields v. Gross, 58 N.Y.2d 338, 345, 448 N.E.2d 108, 111, 461 N.Y.S.2d 254, 257 (1983).

18. Ann-Margret v. High Soc'y. Magazine, Inc., 498 F. Supp. 401, 404 (S.D.N.Y. 1980). In this case, the plaintiff, Ann-Margret, brought suit against a magazine publisher to enjoin the use of a photograph, depicting her nude from the waist up. The photo, extracted from a movie, was published in a magazine which specialized in printing photographs of famous women caught in revealing positions. In denying plaintiff's action, based on § 51 of the New York Civil Rights Law, the court concluded that the statute "has been narrowly construed by the courts, especially in the context of persons denominated 'public figures,' so as 'to avoid any conflict with the free dissemination of thoughts, ideas, newsworthy events, and matters of public interest' guaranteed by the First Amendment." *Id.*

19. *Allen*, 610 F. Supp. at 621.

20. *Id.*

21. The court followed a recent New York court of appeals case, Stephano v. News Group Publications, 64 N.Y.2d 174, 485 N.Y.S.2d 220, 474 N.E.2d 580 (1984), in treating Allen's publicity actions jointly under the right to privacy discussion. In *Stephano*, a professional model brought suit against a publisher for using his photo for trade purposes without his consent. The claim was based on the statutory right to privacy and the common law right to

the photograph of Boroff was used for commercial purposes, without written permission, thus satisfying the "trade purposes" and "permission" elements.[22] However, satisfying the remaining element, use of name, picture or portrait, created the more complex question of whether a photo of a look-alike is a portrait or picture of the celebrity as a matter of law.

Whether a photograph presents a recognizable likeness of a person is usually a question for the jury.[23] However, a court may find that a look-alike's photo is a portrait or picture as a matter of law when the look-alike's photo seems indistinguishable from the real person, as in *Onassis v. Christian Dior-New York, Inc.*[24] In *Onassis*, Christian Dior, a clothing designer and manufacturer, issued a risqué advertisement which included television personality Gene Shalit, actress and model Shari Belafonte, actress Ruth Gordon and Barbara Reynolds, a secretary whose appearance was almost identical to that of Jacqueline Kennedy Onassis.[25] Reynolds was provided by Ron Smith Celebrity Look-Alikes.[26] Onassis moved for a preliminary injunction to discontinue the advertisement and any future advertisements which included Reynolds impersonating Onassis.[27] The *Onassis* court found that the photograph of Reynolds looked so much like Onassis that it was, as a matter of law, a "portrait or picture" of Onassis and granted the injunction.

The standard applied by the *Allen* court was that "most persons who could identify an actual photograph of the plaintiff would be likely to think this was actually his picture."[28] Because there were several physical differences between Boroff's photo and Allen's face[29] and be-

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publicity. The court concluded that "[s]ince the 'right of publicity' is encompassed under the Civil Rights Law as an aspect of the right of privacy, which . . . is exclusively statutory in this State, the plaintiff cannot claim an independent common-law right of publicity." *Id.* at 183, 485 N.Y.S.2d at 224, 474 N.E.2d 584.

22. *Allen*, 610 F. Supp. at 621.

23. *Id.* at 623, (citing Cohen v. Herbal Concepts, Inc., 63 N.Y.2d 379, 384, 482 N.Y.S.2d 457, 459, 472 N.E.2d 307 (1984)).

24. Onassis v. Christian Dior-New York, Inc., 122 Misc. 2d 603, 472 N.Y.S.2d 254 (1984).

25. *Id.* at 605, 472 N.Y.S.2d at 257.

26. Ron Smith Celebrity Look-Alikes, an agency specializing in locating and providing people who resemble celebrities, also provided Boroff as a model for National Video and is named as a defendant in *Allen*.

27. *Onassis*, 122 Misc. at 603-04, 472 N.Y.S.2d at 256.

28. *Allen*, 610 F. Supp. at 624. "This standard is necessary since we deal not with the question of whether an undisputed picture of the plaintiff is recognizable to some, but whether an undisputed picture of defendant Boroff should be regarded, as a matter of law to *be* a portrait or picture of plaintiff." *Id.* (emphasis in original).

29. *Id.* Boroff's photo showed larger eyebrows, wider face, more uneven complexion and different glasses. Also, Boroff's hair style and expression were characteristic of Allen's earlier style yet out of step with his more somber image possessed today.

cause there was another plausible interpretation offered by defendants, the court was hesitant to conclude that Boroff's photo was a picture or portrait of Allen. Instead, the court found that an application of the Act would be more appropriate.[30]

The Lanham Act prohibits false descriptions of products or their origins.[31] It is considered remedial and therefore is generally broadly construed.[32] Based on its broad construction, the Act has been successfully applied to cases that are not classified as trademark infringement but rather involve unfair business practices resulting in actual or potential deception.[33]

The Act is intended to protect the public from harmful deception and to protect the trademark holder's distinctive mark.[34] When a celebrity endorses a product or service, his or her name and face lure the public's attention and trust.[35] Therefore, when the celebrity's right to exclusive use of his or her mark is violated, the public's interest in being free from misleading representations is infringed upon as well.[36]

In order to bring a claim for violation of the Act, the plaintiff must establish three elements: "1) involvement of goods or services; 2) effect

30. *Id.* at 624. Sections 50 and 51 of New York Civil Rights Law control the use of a person's portrait or picture. The *Allen* court concluded that this "may be sufficient to protect the feelings of private citizens, but a broader statute modeled on the Lanham Act might provide fuller protection for the interests threatened when a celebrity's endorsement is implied without use of an actual 'portrait or picture.'"

31. *See supra* note 1.

32. Geisel v. Poynter Products Inc., 283 F. Supp. 261, 267 (S.D.N.Y. 1968). *Geisel* involved a toy manufacturer who marketed toys adopted from Dr. Seuss's (Geisel) children's storybooks. The plaintiff, Theodor Seuss Geisel was and is a well known artist and author. The defendant displayed the toys as being "[f]rom the Wonderful World of Seuss," without obtaining any authorization from Geisel. In applying the Act to this case, the court relied on Maternally Yours, Inc. v. Your Maternity Shop, 234 F.2d 538 (1956) and construed the Act broadly.

33. SK&F, Co. v. Primo Pharmaceutical Laboratories, Inc., 625 F.2d 1055, 1065 (3d Cir. 1980).

34. *Allen*, 610 F. Supp. at 625, (citing Mishawaka Rubber & Woolen Mfg. Co. v. Kresge Co., 316 U.S. 203, 205 (1942)):

> The protection of trade-marks is the law's recognition of the psychological value of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising shortcut which induces a purchaser to select what he wants to or what he has been led to believe he wants. The owner of the mark exploits this human propensity by making efforts to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of the potential consumer, the desirability of the commodity upon which it appears. Once this is obtained, the trademark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress.

35. *Id.*

36. *Allen*, 610 F. Supp. at 626.

on interstate commerce; and, 3) a false designation of origin or false description of the goods or services."[37] In *Allen*, the involvement of goods or services requirement was met because the advertisement was used to promote the video rental service provided by National. Further, the requirement of the advertisement having an effect on interstate commerce was met because the advertisement was distributed to franchises nationwide. A very loose standard is applied for the final element, false designation of origin or false description of the goods or services. Allen only had to show, under the standards of *Geisel v. Poynter Products, Inc.*,[38] that a likelihood of consumer confusion as to the source of the goods existed. Proof of actual consumer deception was not required to obtain injunctive relief under the Act if a tendency to deceive was demonstrated.[39]

To determine whether a likelihood of confusion existed, the court applied the following six factors: (1) strength of plaintiff's and defendant's marks and name; (2) similarity of plaintiff's and defendant's marks; (3) proximity of plaintiff's and defendant's products; (4) evidence of actual confusion as to source or sponsorship; (5) sophistication of defendant's audience; and, (6) defendant's good or bad faith. These factors were set forth and applied by the district court in *Allen*.[40]

The court concluded that the factors had been met, with the exception of "evidence of actual confusion as to source or sponsorship." However, the court found that meeting each element was not essential to finding that the likelihood of confusion existed. The factors only provided structure for the determination; each was not required.[41]

Based on satisfaction of the remaining elements, the district court concluded that the advertisement did indeed create a likelihood of con-

37. *Id.* (citing CBS, Inc. v. Springboard Int'l Records, 429 F. Supp. 563, 566 (S.D.N.Y. 1976)).

38. *Geisel*, 283 F. Supp. at 267. The court held that defendants' actions constituted a violation of the Act in that defendants "have misrepresented their products as being the design or creation of plaintiff with the intent and probable effect of causing consumer confusion and of palming off these products as those of plaintiff." *Id.* at 266. In so finding, the court concluded that the plaintiff is not required to show an actual "palming off" and that a likelihood of confusion as to the source of the goods is sufficient to satisfy the requirement of false designation of origin. *Id.* at 267.

39. *Id.* at 268.

40. *Allen*, 610 F. Supp. at 627. These six factors were set forth by the court in Standard & Poors Corp. v. Commodity Exchange, Inc., 683 F.2d 704, 708 (2d Cir. 1982). In *Standard & Poors*, a compiler of a popular stock index brought suit to enjoin the defendant from trading any future contract which was derived from its index or making use of its name or trademark. The court applied the six criteria in determining if a likelihood of confusion existed as to the source of the stock index that defendant was selling.

41. *Allen*, 610 F. Supp. at 628.

sumer confusion over plaintiff's endorsement or involvement.[42] Although some of the advertisements included a disclaimer, it was found to be not bold enough to erase all likelihood of confusion.[43]

Finally, the district court distinguished a claim based on a violation of the Act and one based on violation of the right to privacy, concluding that Allen's dispute with National Video was best resolved under the Act. First, the likelihood-of-confusion standard applied in *Allen* is a much broader standard than the strict "portrait or picture" requirement of the Civil Rights Act.[44] This broader standard is justified because the Act seeks to protect not only the celebrity's mark, but also the public interest in avoiding deception.[45] Second, the likelihood-of-confusion standard was easier to apply to the facts of *Allen* than the "portrait or picture" standard of the Civil Rights Act.[46] The court was not being lazy in deciding this, but concluded that, because there were material questions of fact as to whether the photo of Boroff constituted a "portrait or picture" of Allen, it could not grant a motion for summary judgment on this ground.[47] Some people could have recognized that the photograph was not that of Woody Allen. This might have negated the conclusion that the picture amounted to a portrait or picture, but would not negate a likelihood of confusion.[48] Finally, while the question of identifiability is generally one for the jury, the likelihood-of-confusion standard may be applied by the court.[49]

While the Act requires the plaintiff to show that the buying public was actually deceived in order to recover damages, this court was able to grant injunctive relief based on the showing of a likelihood of consumer confusion.[50] The court enjoined Phil Boroff from appearing in advertisements that either create the likelihood that a reasonable person might believe that he was really Woody Allen, or that Woody Allen had ap-

42. *Id.*

43. *Id.* at 629.

44. *Id.* at 628.

45. *Id.* at 629.

46. *Id.*

47. These material questions of fact will remain unanswered since Allen reached a $425,000 settlement with defendants just prior to going to trial. Interview with Jacob Laufer, counsel for Woody Allen, November 12, 1986.

48. *Id.*

49. *Id.*

50. Warner Bros., Inc. v. Gay Toys, Inc., 658 F.2d 76, 79 (1981). The producer of a television series sought a preliminary injunction against a toy manufacturer who had marketed toy cars that were allegedly reproductions of the focal point of the series "The Dukes of Hazzard." The court concluded that for an injunction to be granted, the injured party need only show a likelihood of confusion as to the product's manufacture or sponsorship.

proved of Boroff's appearance.[51] The court explained that, while Boroff could satisfy the injunction by ceasing to work as a Woody Allen look-alike, he could also satisfy it by refusing to work with "those advertisers such as National Video in this case, who wrecklessly skirt the edges of misrepresentation."[52] This injunction was national in scope, not limited to the New York area, because Allen "enjoy[ed] a nationwide reputation and defendants advertised a nationally franchised business through a national magazine. The harm sought to be prevented [was] clearly not limited to the New York area."[53]

Allen demonstrates that the intent of the party using a celebrity look-alike, regarding consumer interpretation, is not relevant to establishing a violation of the Lanham Act for unfair competition. Rather, it is the potential interpretation by the public which is the key. This policy seeks to protect the celebrity's trademark as well as the public trust placed in that mark. Consequently, a promoter must be cautious in using a celebrity look-alike. He or she must view the advertisement, as a consumer, and be certain that there is no confusion that the celebrity himself has posed for the photograph or endorsed that product or service. Practically, however, if the photo is so different from the celebrity it is mimicking, the purpose of using a look-alike may be defeated.

Alternatively, a promoter could include a disclaimer which is bold enough to deter a likelihood of confusion. The court in *Allen* points out that injunctions against misleading speech should be limited and extend only to avoiding consumer confusion. As a result, disclaimers are favored over outright bans.[54] However, the disclaimer in *one* of the advertisements was "inadequate as a matter of law to dispel a likelihood of consumer confusion."[55] Perhaps including a disclaimer on all magazine advertisements and counter cards would have been sufficient to wipe out the likelihood of confusion. The court does not make this clear.

Perhaps the safest alternative that a promoter could employ would be to obtain a release from the celebrity. Thus, the promoter would avoid possibilities of litigation from privacy and publicity claims or Lanham Act claims, even if the advertisement created confusion as to its source. On the other hand, it might be best for a promoter to be creative

51. *Allen*, 610 F. Supp. at 630.
52. *Id.*
53. *Id.*
54. *Id.* (citing In re R.J.M., 455 U.S. 191, 203 (1982)).
55. *Id.*

and come up with a trademark of his own, saving imitation for night-clubs and costume parties.

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