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RETHINKING THE PARAMETERS OF TRADEMARK USE IN
ENTERTAINMENT

*Elizabeth L. Rosenblatt**

Abstract

Trademark law is flawed in its approach to trademark uses in entertainment. Infringement turns on whether a consumer is likely to be confused into believing that a markholder sponsored or approved of the use. Because consumers are increasingly aware of product placement and other sponsored mark uses, this likelihood of confusion standard may be met, and infringement found, even for harmless and/or artistically relevant uses, such as uses for purposes of verisimilitude or uses that rely on a mark's symbolic meaning to assist in conveying a work's message. This increased likelihood of confusion chills speech by forcing content creators to choose between licensing marks and avoiding marks altogether. Ironically, because negative depictions of marks are less likely to confuse consumers and because trademark dilution law does not apply to expressive uses of marks, trademark law permits gratuitously negative depictions of marks, which may harm markholders. The result is a doctrinally imbalanced system that chills speech, increases the transaction costs of content creation, and disproportionately harms small or independent content creators, while still permitting potentially harmful uses.

There is a solution to this problem: rather than applying the traditional likelihood of confusion and dilution analyses, unauthorized uses of marks should be permitted in an expressive setting unless the use is (1) not artistically relevant or (2) explicitly misleading. This test is based on factors identified by the Second Circuit Court of Appeals in *Rogers v. Grimaldi*, but differs from that court's analysis in two significant ways. First, the *Rogers* approach requires the court to perform a traditional likelihood of confusion analysis and then to balance likelihood of confusion against the public interest in freedom of expression. The proposed test avoids the likelihood of confusion analysis entirely. Second, the proposed test applies a presumption of artistic relevance. This simpler scheme would permit the use of marks as expressive tools, while encouraging content creators to seek permission for uses that are more likely to harm a mark's source-identifying function.

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I. INTRODUCTION

Imagine a world in which James Bond drove a Honda Civic instead of an Aston Martin and Carrie Bradshaw wore Birkenstocks instead of Manolo Blahniks.

Envision Kanye West's "Gold Digger" seeking a "car" and a "purse" instead of a "Benz" and a "Louis Vuitton."

Can the game *Battlefield Vietnam* seem as real without "Huey" helicopters (a brand owned by Bell Helicopter)? And what should The Devil Wear, if not Prada?

Brand names tell stories. And yet, content creators' decisions regarding whether and when to use trademarks in entertainment—films, television, music, visual art, fiction, video games—are increasingly influenced by the

desire to avoid trademark litigation and possible liability.¹ This Article explores the principles that underlie current restrictions on the use of trademarks in entertainment, reevaluates those restrictions as they are applied in practice, and concludes that the current parameters must be clarified and adjusted in order to avoid a doctrinal imbalance that both overprotects and underprotects.

This imbalance originates in an ambiguous doctrine that relies on consumers' awareness of product placement and mark licensing practices and consumers' own understanding of what the law requires as key elements in determining infringement (resulting in overprotection) while undervaluing the potential for harm that may result from an unfavorable depiction of a mark in an expressive setting (resulting in potential underprotection).

Overprotection under current law results partially from the traditional "likelihood of confusion" analysis, which assesses whether consumers are likely to be misled into believing that a markholder has sponsored or approved a particular mark use. In making this assessment, courts examine a number of factors: (1) the strength of the allegedly infringed mark; (2) the proximity (i.e. competitive similarity) of the goods represented by the mark; (3) the similarity of the marks; (4) evidence of actual confusion, including survey evidence; (5) overlap in marketing channels used by the goods; (6) the type of goods and the degree of care likely to be exercised by the purchaser; (7) the alleged infringer's intent in selecting the mark; and (8) the likelihood that the product lines will expand to compete with each other.² Examining the factors, it is apparent that this analysis is primarily designed to address the problem of "passing off"—that is, when a mark is imitated or otherwise used to mislead consumers as to the source of goods or services that might compete with the markholder's. But these factors are a poor tool for evaluating the question of "sponsorship or approval," in which a mark is used to represent its own product or service, and the question is whether the mark's owner sponsored or approved of the mark's use. In the sponsorship-or-approval setting, the analysis must focus inordinately on consumer surveys (a frequent tool in assessing infringement), and the traditional likelihood of confusion analysis thus becomes overly susceptible to distortion from consumers' growing awareness of product placement and other sponsored mark uses.

Combined with risk aversion, pressure from insurance carriers, and a lack of clarity in the law, these factors have created a culture of over-caution regarding the use of marks in entertainment, in which content creators frequently avoid the expressive use of marks and obscure unauthorized use of marks. This not only exacerbates consumers'

1. For expediency, the terms "trademark" and "mark" will be used throughout this Article to refer to trademarks, service marks, and trade dress.

2. *See, e.g.,* AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348–49 (9th Cir. 1979).

misperceptions regarding when the use of marks must be authorized, but also unduly restricts the ability of content creators to depict the real world with authenticity (i.e., verisimilitude) and to use the expressive aspects of marks as cultural icons.

At the same time, current law may also underprotect marks, by declining to find either confusion or dilution when a mark is gratuitously depicted in a negative light. Marks depicted in a negative light are generally not likely to confuse consumers into believing that the markholder has sponsored or approved of the use. Negative uses will therefore be permitted even when they may harm markholders by creating a negative association in the minds of consumers. Moreover, dilution laws, which would usually forbid such tarnishing depictions, are seldom applied to uses of marks in entertainment (positive or negative), because of ambiguities in the law and because of the Federal Trademark Dilution Act's provision that dilution occurs only when the use of a mark constitutes "commercial" speech rather than expressive speech.³ Thus, dilution law does not step in to address any potential harm that may arise from gratuitously negative depictions. Ultimately, current law creates a doctrinally imbalanced system that chills speech, increases the transaction costs of content creation, and disproportionately harms small or independent content creators.

To remedy this situation, the law should be clarified and adjusted to allow content creators the freedom to use marks without authorization in artistically relevant settings, while protecting markholders against gratuitously harmful depictions of marks. Both goals would be satisfied by replacing the traditional likelihood of confusion test and the dilution test in the expressive-use context with a simple two-pronged test, under which the use of a mark would be permitted unless the use is (1) not artistically relevant or (2) explicitly misleading. A use would be found to lack artistic relevance only if there were no artistic reason whatsoever to include the mark in the work. Uses for purposes of verisimilitude, symbolism, parody, practical necessity, or other artistic justifications would fall well within bounds of artistic relevance. As to the second prong, a use would be explicitly misleading if it contained an explicit and false representation that the markholder sponsored, approved of, or was affiliated with the work, or if the work explicitly called out the mark as part of promoting the work.

This proposed test is a modification of a two-prong analysis introduced in *Rogers v. Grimaldi*, which deemed a trademark use worthy of First Amendment consideration if the use was (1) artistically relevant and (2) not explicitly misleading.⁴ The proposed test, however, differs from the

3. 15 U.S.C. § 1125(c)(3) (2006).

4. *Rogers v. Grimaldi*, 875 F.2d 994, 999–1002 (2d Cir. 1989). This case concerned the film *Ginger and Fred*, directed by Federico Fellini. *Id.* The film was not about Ginger Rogers and Fred Astaire; rather, it was about two Italian dancers who were nicknamed after the more famous duo.

Rogers analysis in two significant ways. First, *Rogers* requires the court to perform a traditional likelihood of confusion analysis in addition to the two-pronged test above and then to balance likelihood of confusion against the public interest in freedom of expression. The proposed test, on the other hand, avoids the likelihood of confusion analysis entirely. Second, unlike *Rogers*, the proposed test applies a presumption of artistic relevance, which adds clarity and tends to discourage speculative litigation.

Social science research indicates that consumers are more likely to presume that the use of a mark is sponsored or approved and are more likely to come away with a negative perception of the mark if the use is not artistically relevant. Therefore, replacing the traditional likelihood of confusion or dilution analyses with this two-pronged test would not only capture the uses most likely to create a likelihood of confusion, but also capture the uses most likely to create trademark harm. In addition, by barring artistically irrelevant uses, the proposed test would eliminate gratuitously harmful uses, while permitting artistically relevant negative uses such as parody and criticism. Thus, the test would create a consistent standard that would allow content creators maximum freedom to use marks as expressive tools with minimum harm to markholders.

Several commentators have written about the use of trademarks in entertainment. In particular, James Gibson has insightfully explored the expansion of trademark liability through the recursive impact of risk aversion, product placement, and doctrinal ambiguity,⁵ and others such as Pratheepan Gulasekaram and Daniel E. Newman have argued for greater freedom to use marks in entertainment.⁶ Other commentators have addressed government regulation of product placement in entertainment and the degree to which product placements should receive First Amendment protection.⁷ Scholars have paid much attention to the limits

Ginger Rogers sued the producers, arguing that the film's title falsely implied that she sponsored or approved of the film. *Id.* Ruling against Rogers, the Second Circuit held that film titles are entitled to First Amendment protection, and applied a balancing test wherein trademark uses are protected as First Amendment speech if they are artistically relevant and not explicitly misleading, and the likelihood of confusion does not outweigh the public interest in free expression. *Id.*

5. James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 YALE L.J. 882, 913 (2007).

6. Pratheepan Gulasekaram, *Policing The Border Between Trademarks And Free Speech: Protecting Unauthorized Trademark Use In Expressive Works*, 80 WASH. L. REV. 887, 908–10 (2005); Daniel E. Newman, *Portraying a Branded World*, 2008 U. ILL. J. L. TECH. & POL'Y 357, 367–79 (2008).

7. William B. Lackey, *Can Lois Lane Smoke Marlboros?: An Examination of the Constitutionality of Regulating Product Placement in Movies*, 1993 U. CHI. LEGAL F. 275, 276; Sandra Lee, *Product Placement in the United States: A Revolution in Need of Regulation*, 26 CARDOZO ARTS & ENT. L.J. 203, 212–13 (2008); Benjamin R. Mulcahy, *That's Advertisement!*, LOS ANGELES LAW., May 2006, at 46; Matthew Savare, *Where Madison Avenue Meets Hollywood And Vine: The Business, Legal, And Creative Ramifications Of Product Placements*, 11 UCLA ENT. L. REV. 331, 369–76 (2004); Scott Shagin & Matthew Savare, *Lawyering at the Intersection of*

that copyright law may impose on content creators' ability to incorporate existing works into the context of larger expressive works, especially in the face of a lawsuit concerning the use of a copyrighted prop in the television show *Roc*,⁸ and other similar disputes.⁹ This has given rise to projects such as the Center for Social Media's "Untold Stories: Creative Consequences of the Rights Clearance Culture for Documentary Filmmakers" (which addresses a variety of intellectual property issues) and "Documentary Filmmakers' Statement of Best Practices in Fair Use," (which focuses on copyright fair use).¹⁰ In the trademark context, a number of commentators have noted the expressive nature of trademarks, and identified ways in which trademark law may unduly chill speech.¹¹ By comparison, relatively little exploration has taken place regarding the effect of trademark law on freedom of expression in light of the growing practice of product placement.¹² While this Article builds on James Gibson's work, it diverges

Madison and Vine: It's About Brand Integration, ENT. & SPORTS LAW., Fall 2005, at 34.

8. *Ringgold v. Black Entm't Television, Inc.*, 126 F.3d 70, 72–73 (2d Cir. 1997).

9. See generally LAWRENCE LESSIG, REMIX: MAKING ART AND COMMERCE THRIVE IN THE HYBRID ECONOMY (2008) (discussing the incorporation of copyrighted works into other works); SIVA VAIDHYANATHAN, COPYRIGHTS AND COPYWRONGS: THE RISE OF INTELLECTUAL PROPERTY AND HOW IT THREATENS CREATIVITY 3–4 (2001); David Fagundes, *Crystals in the Public Domain*, 50 B.C. L. REV. 139, 151–53 (2009); Peter Jaszi, *Copyright, Fair Use and Motion Pictures*, 2007 UTAH L. REV. 715, 722–28 (2007); Sara K. Stadler, *Incentive and Expectation in Copyright*, 58 HASTINGS L.J. 433, 447–50 (2007); Rebecca Tushnet, *Copy This Essay: How Fair Use Doctrine Harms Free Speech And How Copying Serves It*, 114 YALE L.J. 535, 545–47 (2004).

10. See generally PATRICIA AUFDERHEIDE & PETER JASZI, CTR. FOR SOC. MEDIA, UNTOLD STORIES: CREATIVE CONSEQUENCES OF THE RIGHTS CLEARANCE CULTURE FOR DOCUMENTARY FILMMAKERS (2004), http://www.centerforsocialmedia.org/rock/backgrounddocs/printable_rights_report.pdf (addressing the impact of clearance culture on a variety of intellectual property issues); CTR. FOR SOC. MEDIA, DOCUMENTARY FILMMAKERS' STATEMENT OF BEST PRACTICES FOR FAIR USE (2005), http://www.centerforsocialmedia.org/files/pdf/fair_use_final.pdf (focusing on copyright fair use issues in light of the clearance culture).

11. See, e.g., Robert C. Denicola, *Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of Trade Symbols*, 1982 WIS. L. REV. 158, 158–60; Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks As Language In The Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 400–12 (1990) [hereinafter Dreyfuss, *Expressive Genericity*]; Rochelle Cooper Dreyfuss, *We Are Symbols and Inhabit Symbols, So Should We Be Paying Rent? Deconstructing the Lanham Act and Rights of Publicity*, 20 COLUM.-VLA J.L. & ARTS 123, 125–37 (1996) [hereinafter Dreyfuss, *We Are Symbols*]; Tara J. Goldsmith, *What's Wrong With This Picture? When The Lanham Act Clashes With Artistic Expression*, 7 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 821, 837–52 (1997); Alex Kozinski, *Trademarks Unplugged*, 84 TRADEMARK REP. 441, 454–58 (1994); Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1710–13 (1999); Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1728–31 (1999); William McGeveran, *Rethinking Trademark Fair Use*, 94 IOWA L. REV. 49, 61–66 (2008).

12. Cf. MARJORIE HEINS & TRICIA BECKLES, BRENNAN CTR. FOR JUST., WILL FAIR USE SURVIVE? FREE EXPRESSION IN THE AGE OF COPYRIGHT CONTROL (2005), <http://www.fepproject.org/policyreports/WillFairUseSurvive.pdf> (discussing effect of trademark cease and desist demands on free expression).

from Gibson's goal of slowing rights accretion and Gulasekaram's free-expression objective. Instead, this Article examines the roots and effects not only of trademark law's overprotection of marks in entertainment, but also of its underprotection, and proposes a remedy for this doctrinal imbalance.

Part II of this Article describes the legal and practical landscapes that have created this situation and the ways in which current doctrine leads to harmful results. Part III explores the failings of the current system, including its ambiguity and its failure to focus on the types of uses that are most likely to lead to trademark harm. Current doctrines such as classic fair use, nominative fair use, Federal Communications Commission (FCC) regulations, the requirement that a use does not infringe unless it uses the mark "as a trademark," and the First Amendment analysis set forth in *Rogers* are, on their own, inadequate to redress these issues without more dramatic steps. The two-pronged analysis performed in *Rogers* is a good start, however. Because unauthorized uses are most likely to cause trademark harm if they appear without artistic justification, this Article proposes that courts examining the unauthorized use of a trademark in an expressive context should replace the traditional likelihood of confusion and dilution tests with an inquiry into whether the use is (1) not artistically relevant or (2) explicitly misleading. Under this proposal, expressive trademark uses that are artistically irrelevant or explicitly misleading would infringe, while expressive uses that are artistically relevant without being explicitly misleading would not, regardless of whether they satisfy a traditional likelihood of confusion analysis. This proposed test would permit the use of marks as expressive tools, while encouraging content creators to seek permission for uses that are more likely to harm a mark's source-identifying function.

II. UNDERSTANDING THE LANDSCAPE

To envision the ideal parameters for the use of trademarks in entertainment, it is helpful to begin by reviewing the considerations that shape the protection of trademarks in the first place. Regarding the legal parameters, we must ask: What limitations exist on the use of trademarks, and why? What policies underlie a trademark owner's right to prevent others from using its mark, and what policies underlie the limits placed on that right? Regarding the practical parameters, we must question: How are marks used as icons and communicative tools, and what are the limits on these uses (authorized or unauthorized)? What are the customs and practices of the entertainment industry regarding the use of marks, and how do these customs and practices influence the law?

After analyzing these existing parameters, one can understand how they result in overprotection and underprotection, and how the rules and practices currently governing the use of trademarks in entertainment need to be adjusted.

A. *The Legal Landscape*

Trademarks exist primarily to identify the source of goods and services. The trademark system relies on the premise that when a consumer perceives a trademark in connection with a particular good or service, the consumer will associate that mark with a source for that good or service. The Lanham Act permits markholders to police the integrity of the system by ensuring that their marks are not used by others in ways likely to confuse consumers into believing falsely that the markholder produces, approves of, sponsors, or is otherwise affiliated with an unauthorized use of the mark.¹³ That way, consumers experience consistency; consumers who perceive a given trademark in connection with goods or services can assume accurately that the goods or services originated from or are associated with the same entity as other goods and services associated with that mark.¹⁴ Because consumers can trust that the holder of any given mark sponsors or approves of all goods or services identified by that mark, they can trust that goods sharing the same mark are likely to be the same or to have similar qualities.¹⁵ A glance at the cereal aisle of a supermarket demonstrates the practical utility of the system: trademarks allow consumers to trust that any two boxes that contain the “Cheerios” mark contain the same type of product as each other, any two boxes that contain the “General Mills” mark originate from the same company as each other, and any two boxes that contain the “Kashi” mark are both likely to contain cereal made from organic grain.

The system protects markholders as well as consumers by allowing markholders to develop reputations. As the Supreme Court explained in 1879, marks “are the symbols by which men engaged in trade and manufactures become known in the marts of commerce, by which their reputation and that of their goods are extended and published; and as they become better known, the profits of their business are enhanced.”¹⁶ Thus, a mark represents both a product and the markholder who stands behind it; every mark carries with it not only a message of product quality but also a brand image or corporate identity. Accordingly, a markholder may drive sales by developing a reputation for high-quality or stylish goods, and may enhance the selling power of its mark by developing a reputation for philanthropy, event sponsorship, or other activities that color its brand image.¹⁷ Trademark law therefore protects not only against confusion as to

13. 15 U.S.C. § 1114(1) (2006); 15 U.S.C. § 1125(a) (2006).

14. See William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 268–70 (1987).

15. *Id.* at 269–70.

16. *In re Trade-Mark Cases*, 100 U.S. 82, 87 (1879) (statement preceding opinion). Although the statement’s gendered language stands out as outdated, the core sentiment remains true today.

17. For example, McDonald’s sponsors the Ronald McDonald House Charities, see Ronald McDonald House Charities, <http://www.rmhc.com/> (last visited Oct. 10, 2009) (providing “a ‘home

the *source* of a product or service (and accompanying consumer confusion regarding product quality), but also against confusion as to markholder *sponsorship or approval* of a product or service. This latter type of protection allows markholders to safeguard their reputations and brand identities (as distinguished from product quality *per se*), but as discussed by commentators including Mark Lemley and Mark McKenna, this protection may also overreach in ways that unduly curb expression.¹⁸ This overreaching is at the core of the dilemma discussed in this Article.

Overreaching aside, trademark protection exists for good reason. When a mark is used in a way that is likely to confuse consumers or to dilute the source-identifying function of a famous mark, that use is likely to harm both consumers and markholders by harming the predictability function of the mark to consumers, diminishing the markholder's incentive to create consistent goods, and undercutting the mark's value to the markholder (among other things). In order to prevent these (related) harms, the Lanham Act prohibits two types of trademark uses: (1) uses likely to confuse consumers, and (2) uses likely to dilute the source-identifying function of a mark.

Sections 32(1) and 43(a) of the Lanham Act prohibit the unauthorized use of marks in a manner likely to confuse consumers.¹⁹ Specifically, the Lanham Act prohibits the use of marks in connection with the sale, distribution, or advertising of goods or services in a way that is likely to cause confusion as to affiliation, connection, or association with the markholder or confusion as to the origin, sponsorship, or approval of goods or services.²⁰ The touchstone of infringement under these provisions is likelihood of confusion: Is the use of a mark likely to confuse consumers into believing falsely that a product or service is associated with the

away from home' for families of seriously ill children receiving treatment at nearby hospitals"), Coca-Cola sponsors the Coca-Cola Refreshing Filmmaker's Award, *see* Coca-Cola Refreshing Filmmaker's Award, <http://www.ccrfa.com/ccrfa/> (last visited Oct. 10, 2009), (awarding annual monetary award and promotion for emerging filmmakers from America's top film schools), and Acura visibly sponsors the Los Angeles Philharmonic, *see, e.g.*, Press Release, Los Angeles Philharmonic, Dave Brubeck Quartet Kicks Off LA Phil's 2008/09 Jazz Series at Walt Disney Concert Hall (Oct. 26, 2008), http://www.laphil.com/press/press_release/index.cfm?id=2317 ("Concert generously sponsored by Acura, the official Automotive Sponsor of the Los Angeles Philharmonic [and] All Acura Vehicles Park Free for the Evening."). Each of these enhances the brand's image: McDonald's comes across as child- and family-friendly, Coca-Cola as exciting and adventurous, and Acura as cultured and elegant.

18. *See* Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STANFORD L. REV. (forthcoming 2009), available at http://paper.ssrn.com/sol/papers.cfm?abstract_id=1407793#.

19. 15 U.S.C. § 1114(1) (2006); 15 U.S.C. § 1125(a) (2006) (relating to infringement of registered and unregistered marks, respectively).

20. 15 U.S.C. § 1125(a) (2006) (prohibiting the use of a mark that "is likely to cause confusion, or to cause mistake, or to deceive as to the . . . origin, sponsorship, or approval of . . . goods, services, or commercial activities").

markholder in any of the enumerated ways?²¹ The traditional likelihood of confusion test relies on a non-exclusive list of factors, including (1) the strength of the allegedly infringed mark; (2) the proximity (i.e. competitive similarity) of the goods; (3) the similarity of the marks; (4) evidence of actual confusion, including survey evidence; (5) overlap in marketing channels used by the goods; (6) the type of goods and the degree of care likely to be exercised by the purchaser; (7) the alleged infringer's intent in selecting the mark; and (8) the likelihood that the product lines will expand to compete with each other.²²

Whether confusion is found to be likely thus depends not only on factors such as the strength of the allegedly infringed mark and the similarity of the products, but also to some degree on consumers' understanding of trademark law. If consumers believe that a particular kind of trademark use must always be authorized by the markholder, then consumers will infer that any such use implies sponsorship or approval by the markholder and an unauthorized use becomes, by definition, an infringement.²³ Consumer surveys, a frequent tool in assessing infringement, reflect this effect.²⁴ Such surveys often ask whether consumers believe that "permission" was required for the challenged use, in essence translating consumers' opinions about the relevant law into a ruling on infringement.²⁵

In addition to prohibiting uses likely to confuse, the Lanham Act bars the unauthorized use of marks in a manner likely to weaken (or "dilute") the source-identifying function of those marks, even if the use is not confusing. Specifically, section 43(c) of the Lanham Act prohibits uses that are likely to dilute famous trademarks through "blurring," which is creating an association that impairs the distinctiveness of the famous mark; or "tarnishment," which is creating an association that harms the reputation of

21. *Id.*

22. *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979); *see also Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

23. *Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22, 33 (1st Cir. 1989); Gibson, *supra* note 5, at 907-08.

24. Gibson, *supra* note 5, at 907-08. Consumer surveys are considered evidence of "actual confusion." *Cairns v. Franklin Mint Co.*, 24 F. Supp. 2d 1013, 1040 (C.D. Cal. 1998). They have become important litigation tools and are sufficiently commonplace that failure to present survey evidence may be held against a markholder in the form of a presumption that actual confusion is unlikely. *See id.* (relying on "presumption that plaintiffs' failure to conduct a survey indicates the results of such a survey would be unfavorable for plaintiffs").

25. *See, e.g., CareFirst of Md., Inc. v. First Care, P.C.*, 434 F.3d 263, 268 (4th Cir. 2006); *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 544 (5th Cir. 1998); *Anheuser-Busch, Inc. v. Balducci Publ'ns*, 28 F.3d 769, 772-73 (8th Cir. 1994); *Mattel, Inc. v. MCA Records, Inc. (Mattel J)*, 28 F. Supp. 2d 1120, 1132-33 (C.D. Cal. 1998). *But see Malletier v. Dooney & Bourke, Inc.*, 525 F. Supp. 2d 558, 631 (S.D.N.Y. 2007) (criticizing "permission" surveys as seeking a legal conclusion).

the famous mark.²⁶ The Lanham Act excludes from dilution liability certain types of uses deemed to be “fair” for dilution purposes, such as comparative advertising, parody and criticism of the markholder, and news reporting and commentary.²⁷ In addition, the Lanham Act contains two provisions that limit dilution liability to commercial uses—first, the Act applies only to use of a mark “in commerce,”²⁸ and second, the Act explicitly exempts from liability any “noncommercial use of a mark.”²⁹ This non-commercial use exemption tracks the distinction between commercial and expressive use in the First Amendment context, wherein a use that does more than simply propose a commercial transaction is deemed non-commercial.³⁰

Dilution’s non-commercial use exemption is one of several trademark doctrines designed to ensure that trademark does not unduly abridge speech. A trademark holder does not have the unfettered right to exclude others from using its mark. This differs from patent and copyright law: Patent holders have the right to exclude others from making, using, or selling their inventions,³¹ and copyright holders have the right to exclude others from doing the bundle of activities protected by copyright law.³² In contrast, trademark holders have the right to exclude others from using their marks only to the extent that such use is confusing or dilutive as

26. 15 U.S.C. § 1125 (2006). In the words of the Ninth Circuit, dilution occurs where use of a trademark “whittle[s] away . . . the value of a trademark” by “blurring [its] uniqueness and singularity” or by “tarnishing [it] with negative associations.” *Mattel, Inc. v. MCA Records, Inc. (Mattel II)*, 296 F.3d 894, 903 (9th Cir. 2002) (internal citations omitted).

27. 15 U.S.C. § 1125(c)(3) (2006).

28. 15 U.S.C. § 1125(c)(1) (2006).

29. 15 U.S.C. § 1125(c)(3) (2006).

30. *See Mattel II*, 296 F.3d at 905–06 (analyzing legislative history and ruling that the song *Barbie Girl* was not a commercial use and thus did not dilute Mattel’s mark). Generally, courts afford the greatest degree of First Amendment protection to news and political information. *See, e.g., Saenz v. Playboy Enters., Inc.*, 841 F.2d 1309, 1320 (7th Cir. 1988) (“[T]he Constitution stands as a safe harbor for all but the most malicious political speech.”). Entertainment speech enjoys a slightly lesser degree of First Amendment protection. *See Schad v. Borough of Mount Ephraim*, 452 U.S. 61, 65 (1981) (“Entertainment, as well as political and ideological speech, is protected; motion pictures, programs broadcast by radio and television, and live entertainment, such as musical and dramatic works fall within the First Amendment guarantee.”); *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 563 (1985) (“The law generally recognizes a greater need to disseminate factual works than works of fiction or fantasy.”). The First Amendment shields commercial speech to a significantly lesser degree. *Thompson v. W. States Med. Ctr.*, 535 U.S. 357, 367 (2002) (“Although commercial speech is protected by the First Amendment, not all regulation of such speech is unconstitutional.”). The profit-making nature of entertainment speech does not render it “commercial.” *See Joseph Burstyn, Inc. v. Wilson*, 343 U.S. 495, 501–02 (1952) (“That books, newspapers, and magazines are published and sold for profit does not prevent them from being a form of expression whose liberty is safeguarded by the First Amendment. We fail to see why operation for profit should have any different effect in the case of motion pictures.”).

31. 35 U.S.C. § 271.

32. 17 U.S.C. § 501.

defined by the Lanham Act. This distinction reflects the origins of each type of protection; copyright and patent law originate in the Constitution's promise of an intellectual property system that "promote[s] the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."³³ Trademark law, on the other hand, finds its roots in the Commerce Clause.³⁴ Thus, trademark law is less concerned with providing exclusive rights than it is with facilitating the commercial, i.e. source-identifying, function of marks. Hence the rule of thumb that a trademark is not a "right in gross."³⁵

In that spirit, trademark doctrine is designed to prevent, to the extent possible, any constriction of the public vocabulary.³⁶ Ideally, trademarks should expand the universal lexicon by providing communicative tools that represent products and services, rather than removing communicative tools from public use.³⁷ Thus, a generic term, i.e. the common descriptive name of a particular good or service, such as the term "apple" to describe apples, cannot be protected as a trademark.³⁸ Permitting protection for such terms would risk leaving the public without a non-branded way of describing a

33. U.S. CONST. art. I, § 8, cl. 8.

34. U.S. CONST. art. I, § 8, cl. 3 (Congress shall have power "[t]o regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes"); see *In re Trade-Mark Cases*, 100 U.S. 82, 94–95 (1879).

35. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97–98 (1918) (noting a trademark is not a "right in gross" and "[t]he owner of a trade-mark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly"). See Lemley, *supra* note 11, at 1696–97 (discussing policy basis for adage that trademark is not a right in gross).

36. See *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 215 (1985) (Stevens, J., dissenting) ("When a business claims the exclusive right to use words or phrases that are a part of our common vocabulary, this Court should not depart from the statutorily mandated authority to 'rectify the register,' 15 U.S.C. § 1119, absent a clear congressional mandate. Language, even in a commercial context, properly belongs to the public unless Congress instructs otherwise."); *Car-Freshner Corp. v. S.C. Johnson & Son, Inc.*, 70 F.3d 267, 269 (2d Cir. 1995) (noting importance of "protect[ing] the right of society at large to use words or images in their primary descriptive sense"); *Bada Co. v. Montgomery Ward & Co.*, 426 F.2d 8, 11 (9th Cir. 1970) ("[O]ne competitor will not be permitted to impoverish the language of commerce by preventing his fellows from fairly describing their own goods"); *Otto Roth & Co. v. Universal Foods Corp.*, 640 F.2d 1317, 1320 (C.C.P.A. 1981) (recognizing the importance of the "free use of the language" in the trademark context); see also *Trade-Marks: Hearings on H.R. 102, H.R. 5461 and S. 895 Before the Subcomm. on Trade-Marks of the H. Comm. on Patents, 77th Cong. 72* (1941) (testimony of Wallace Martin, Chairman, American Bar Association Committee on Trade-Mark Legislation) ("Everybody has got a right to the use of the English language and has got a right to assume that nobody is going to take that English language away from him.").

37. See *Mattel II*, 296 F.3d at 900 ("Trademarks often fill in gaps in our vocabulary and add a contemporary flavor to our expressions. Once imbued with such expressive value, the trademark becomes a word in our language and assumes a role outside the bounds of trademark law."); Lemley, *supra* note 11, at 1696 (discussing the danger of cultural impoverishment when trademarks are removed from vocabulary).

38. 15 U.S.C. § 1127 (2006).

type of good or service.³⁹ For the same reason, a trademark becomes unprotectably generic when it becomes the common descriptive name of a type of good or service such that the public no longer perceives the term as a source identifier (such as “escalator” or “cellophane”).⁴⁰ Likewise, a term that is necessarily generic cannot be protected as a trademark even if consumers have come to associate it with a particular brand, such as AOL’s use of the generic term “You’ve Got Mail.”⁴¹

By the same token, a *descriptive* term (for example, the term “PARK ‘N FLY” to describe airport parking) cannot be protected as a trademark unless and until it has acquired “secondary meaning,” also known as “acquired distinctiveness.”⁴² This occurs when “the primary significance of the term in the minds of the consuming public is not the product but the producer.”⁴³ The reasoning behind this is clear: when a term describes a particular product or service, it is unduly burdensome on the public vocabulary to prevent the public from using the term in connection with that product or service, unless the aspiring markholder can establish that the term functions as a source identifier rather than a descriptor.⁴⁴

While these statutory provisions may be aimed at facilitating competition as much as speech, other provisions are even more clearly aimed at ensuring that trademark law does not constrict the common vocabulary or abridge protected speech. For example, the statutory doctrine

39. This doctrine also has a commercial function. *See Ty Inc. v. Softbelly’s, Inc.*, 353 F.3d 528, 531–32 (7th Cir. 2003) (“Imagine the pickle that sellers would be in if they were forbidden to use ‘brassiere,’ ‘cellophane,’ ‘escalator,’ ‘thermos,’ ‘yo-yo,’ or ‘dry ice’ to denote products—all being former trademarks that have become generic terms. The problem is not that language is so impoverished that no other words could be used to denote these products, but that if no other words *have* emerged as synonyms it may be difficult for a seller forbidden to use one of the trademarked words or phrases to communicate effectively with consumers.”).

40. *Id.*; *see* 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARK AND UNFAIR COMPETITION, § 12:18 (4th ed. 2009) (including list of terms deemed to have become generic).

41. *Am. Online, Inc. v. AT&T Corp.*, 243 F.3d 812, 822–23 (4th Cir. 2001).

42. *See Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 215 (1985) (Stevens, J., dissenting).

43. *Kellogg Co. v. Nat’l Biscuit Co.*, 305 U.S. 111, 118 (1938).

44. *See Park ‘N Fly*, 469 U.S. at 215 (Stevens, J., dissenting); *see also Canal Co. v. Clark*, 80 U.S. (13 Wall.) 311, 323–24 (1871) (explaining this principle prior to the advent of the Lanham Act: “[T]he owner of an original trade-mark has an undoubted right to be protected in the exclusive use of all the marks, forms, or symbols, that were appropriated as designating the true origin or ownership of the article or fabric to which they are affixed; but he has no right to the exclusive use of any words, letters, figures, or symbols, which have no relation to the origin or ownership of the goods, but are only meant to indicate their names or quality. He has no right to appropriate a sign or a symbol, which, from the nature of the fact it is used to signify, others may employ with equal truth, and therefore have an equal right to employ for the same purpose.”). Similarly, colors cannot be protected as trademarks unless the color serves as a trademark (i.e. has acquired secondary meaning) and has no significant non-trademark function. *See Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 169–70 (1995) (secondary meaning and non-functionality requirements will prevent trademark law from unduly restricting color vocabulary).

of “classic trademark fair use” provides that a descriptive mark may be used in a descriptive manner, even if doing so creates consumer confusion.⁴⁵ Courts have also adopted the doctrine of “nominative fair use,” which holds that marks can be used to identify the markholder’s good or service when it is the only practical way to identify the good or service, provided that no more of the mark is used than necessary, and the use does nothing to imply sponsorship beyond the use of the mark.⁴⁶ Thus, a newspaper running a story about the musical group “New Kids on the Block” can identify the band by name,⁴⁷ and a visual artist whose art piece makes a statement about the cultural impact of Barbie can incorporate the doll’s trade dress into the art piece.⁴⁸ Although these uses could lead to confusion or dilution, the doctrine loosens the markholder’s control over uses of its mark in order to maintain ease of communication and facilitate free speech.⁴⁹

Even more directly aimed at protecting First Amendment speech are the dilution statute’s exceptions for “all forms of news reporting and news commentary,” and for “any noncommercial use of a mark,”⁵⁰ and the doctrine first articulated by the Second Circuit Court of Appeals in *Rogers v. Grimaldi*,⁵¹ that 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 First Amendment free expression.⁵² The *Rogers* court held that this First Amendment analysis would be triggered by the use of a mark in the title of an artistic work “unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.”⁵³ The *Rogers* doctrine has not been applied

45. 15 U.S.C. § 1115(b)(4) (2006) (noting it is a defense to trademark infringement “[t]hat the use . . . charged to be an infringement is a use, otherwise than as a mark, of . . . a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin”); *Id.* § 1125(c)(3) (excluding “[a]ny fair use, including a nominative or descriptive fair use” from dilution liability); see *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 121–22 (2004) (“some possibility of consumer confusion must be compatible with fair use The common law’s tolerance of a certain degree of confusion on the part of consumers followed from the very fact that in cases like this one an originally descriptive term was selected to be used as a mark, not to mention the undesirability of allowing anyone to obtain a complete monopoly on use of a descriptive term simply by grabbing it first.”).

46. *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992).

47. *Id.* at 309.

48. *Mattel Inc. v. Walking Mountain Prods. (Walking Mountain)*, 353 F.3d 792, 808, 812 (9th Cir. 2003).

49. 15 U.S.C. § 1125(c)(3) (2006) (excluding “[a]ny fair use, including a nominative or descriptive fair use” from dilution liability).

50. *Id.* § 1125(c)(3)(B)–(C) (2006).

51. 875 F.2d 994 (2d Cir. 1989).

52. *Id.* at 999.

53. *Id.*

consistently in other circuits.⁵⁴ In circuits that apply the *Rogers* standard, a gradual consensus has arisen that it should apply to uses of marks in the body of an expressive work as well as titular uses.⁵⁵

54. Although the *Rogers* test has been explicitly endorsed in some circuits, see *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 664–65 (5th Cir. 2000) (quoting *Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir. 1993) (adopting *Rogers* standard with proviso that infringement will still be found if “likelihood of confusion [is] ‘particularly compelling’”)); *Parks v. LaFace Records*, 329 F.3d 437, 450 (6th Cir. 2003); *Mattel II*, 296 F.3d 894, 902 (9th Cir. 2002), it has been criticized as overly subjective in its requirement that courts assess artistic relevance, see 2 MCCARTHY, *supra* note 40, § 10:31, and has been explicitly avoided in some circuits, see *Facenda v. N.F.L. Films, Inc.*, 542 F.3d 1007, 1018 (3d Cir. 2008) (explicitly declining to decide whether to adopt *Rogers* standard). Moreover, even those circuits that have adopted the test in some contexts have not uniformly applied the rule to all First Amendment claims, see *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1396, 1403 (9th Cir. 1997) (relying on pre-*Rogers* cases to reject a First Amendment defense to trademark infringement regarding a book about O.J. Simpson styled after “The Cat in the Hat”); *Tri-Star Pictures, Inc. v. Leisure Time Prods., B.V.*, 749 F. Supp. 1243, 1252–53 (S.D.N.Y. 1990) (quoting *Rogers*, 875 F.2d at 998 (noting that *Rogers* does not apply to “‘confusingly similar titles’” and holding that *Rogers* does not protect the film *Return From The River Kwai* from claim by producers of *Bridge Over The River Kwai*)), and other circuits have sought to balance First Amendment considerations using a different standard, see *Anheuser-Busch, Inc. v. Balducci Publ'ns*, 28 F.3d 769, 776 (8th Cir. 1994) (holding that First Amendment did not protect use of mark in parodic context when the use was likely to confuse and “the confusion [as opposed to the use of the mark] is wholly unnecessary to Balducci’s stated purpose”) (emphasis added); *Cardtoons, L.C. v. Major League Baseball Players Ass’n*, 95 F.3d 959, 967, 970 (10th Cir. 1996) (suggesting that the “likelihood of confusion” test “serve[s] to avoid First Amendment concerns” in the case of trademark parodies; holding that First Amendment trumped any likelihood of confusion regarding parody baseball cards without applying *Rogers v. Grimaldi* standard).

55. Compare *Walking Mountain*, 353 F.3d at 808 n.14 (expressing uncertainty regarding whether *Rogers* standard should be applied to non-titular uses), and *Facenda*, 542 F.3d at 1015–16 (expressing skepticism re: same), with *ETW Corp. v. Jireh Publ'g, Inc.*, 332 F.3d 915, 918, 936–37 (6th Cir. 2003) (applying *Rogers* to a commemorative sports painting of Tiger Woods’s victory at the Masters golf tournament in 1997), and *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Group*, 886 F.2d 490, 495 (2d Cir. 1989) (applying balancing test to a trade dress case concerning the cover of a book, but without reliance on “artistic relevance” standard), and *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 444 F. Supp. 2d 1012, 1014, 1039–40 (C.D. Cal. 2006) (applying *Rogers* to use of “Pig Pen” strip club in video game content in suit by owners of “Play Pen” strip club mark), and *Yankee Publ'g Inc. v. News Am. Publ'g Inc.*, 809 F. Supp. 267, 276–78 (S.D.N.Y. 1992) (finding that Defendant’s use of certain elements of the cover design of the *Old Farmer’s Almanac* to “make[] a joking reference to the *Almanac*, as part of a socio-economic commentary,” was “entitled to the protections explained by the Court of Appeals in *Rogers v. Grimaldi* and *Cliffs Notes*”), and *Ocean Bio-Chem, Inc. v. Turner Network Television, Inc.*, 741 F. Supp. 1546, 1551–53 (S.D. Fla.1990) (holding, in a case where the owner of the trademark “Star Brite” sued the producers of a fictional television movie that portrayed a fictional company called “Starbrite Batteries” in a bad light, that the film was “entitled to the full extent of protection afforded by the [F]irst [A]mendment” but ruling on likelihood of confusion rather than First Amendment grounds); see also 2 MCCARTHY, *supra* note 40, § 10:22 (quoting *Cliffs Notes*, 886 F.2d at 495 (“The courts have expanded the *Rogers* balancing approach to encompass all ‘works of artistic expression.’”)).

B. *The Practical Landscape*

There are a number of reasons a mark might be used in entertainment. Marks can serve as communicative tools, can express verisimilitude or characterization, or can act as cultural markers; or marks may be used because it would be impossible or impractical to make a work without them. In theory, content creators have many choices in how to approach the use of marks: A content creator may accept promotional consideration in exchange for incorporating a mark into a work; a content creator may compensate a markholder for the use of its mark; or a content creator may use a mark without authorization. As a practical matter, however, industry custom, insurance requirements, and fear of trademark litigation have combined to create a “clearance culture” that forces creators to seek permission for the use of marks. This increases transaction costs and leads, ultimately, to stifled creativity and chilled speech. Before discussing how to address these harmful effects, one must first understand their origin and operation.

1. Marks as Expression

Several commentators have recognized the value of marks as cultural icons and communicative tools.⁵⁶ Because of their ubiquity and symbolic purpose, marks carry information beyond their mere source-identifying function. Content creators therefore frequently include marks for purposes of verisimilitude, to identify fiction occurring in a particular time and place in the real world, or in non-fiction works (such as documentaries) as a reflection of the world of the documentary subject.⁵⁷ For example, the video game *Battlefield Vietnam* included Bell Huey helicopters to signify that its action takes place in the Vietnam War;⁵⁸ the show *Entourage* uses

56. See, e.g., Dreyfuss, *Expressive Genericity*, *supra* note 11 (proposing that marks should be deemed “generic” for purposes of infringement liability when they are used in their “signaling” sense as cultural icons in expressive contexts); Kozinski, *supra* note 11, at 454–58 (observing the expressive capability of marks: “Some ideas—‘it’s the Rolls-Royce of its class,’ for example—are difficult to express any other way.”); Litman, *supra* note 11, at 1730 (discussing value of trademarks that transcends source identification); Newman, *supra* note 6 (discussing cultural value of trademarks).

57. See Lauren P. Smith, *Trademarks and the Movies: “An Af-’Fair Use’ to Remember*, 48 CLEV. ST. L. REV. 415, 415 (2000).

58. Plaintiffs’ Original Complaint at 4, *Bell Helicopter Textron Inc v. Elect. Arts Inc.*, No. 4:2006cv00841 (N.D. Tex. Dec. 1, 2006). When the game was released by Electronic Arts in 2003, players could elect the Bell 205 (“Huey”) helicopter as a transportation option, as well as Bell AH-1 “Cobra” and AH-1Z “Super Cobra” options. Bell Helicopter sued Electronic Arts for trademark infringement, arguing that the presence of its helicopters in the game implied Bell’s sponsorship or affiliation with the game. *Id.* The case settled on February 15, 2008 after more than a year of litigation. Players are no longer permitted to elect the Huey as a transportation option (the Huey image is now identified only as a “transport helicopter”), but other branded transportation options remain, including Boeing’s CH-47 Chinook helicopter.

real brands and locations to underscore the fact that it is set in the contemporary Hollywood scene;⁵⁹ the show *Mad Men* uses real period marks and advertisements to demonstrate that it intends to depict a story taking place in the real world of 1960s advertising;⁶⁰ reality television show *The Hills* portrays its characters visiting real locations around Los Angeles to show the world that they live in;⁶¹ and the film *Super Size Me* uses the McDonald's mark to identify its documentary subject.⁶²

In addition, marks often gain cultural meaning, often as a result of their source-identifying function. For example, the Rolls Royce and Louis Vuitton marks connote luxury and wealth; the McDonalds mark connotes ubiquity and cheapness (not only in reference to its own products, but also to coinages such as "McMansion"); and the Betty Crocker mark connotes old-fashioned wholesomeness. Such cultural meaning may exist as a result of markholders' attempts to build brand identity (as with many luxury brands) or despite it (as may be argued for the image of Mattel's Barbie as superficial or brainless).

Because of the expressive power of brand identity and the cultural markers that attach to marks, they are valuable communicative tools in entertainment. For example, they may be used for purposes of characterization and location identification. A mark can serve as shorthand for all of its cultural implications. If, in the context of an entertainment product, we see one person drinking San Pellegrino water and another drinking Arrowhead water, we instantly know something about these two individuals and how they may differ from each other.⁶³ A shopping mall anchored by a Sears and a Target comes across as a very different place from one anchored by a Macy's and a Lord & Taylor. And a parking lot populated by BMWs and Mercedes is likely to sit outside a very different location from one populated by Hondas and Fords—or, for that matter, one populated by Ferraris and Lamborghinis. This sort of characterization works on an immediate, largely unconscious level. For example, the viewer gains an instant understanding of the penurious heroine in *Pretty in Pink* and the wealthy cad she loves just by seeing her beat-up-but-quirky VW Karmann Ghia and his new BMW.⁶⁴

59. Tim Stack, *Boy Brands*, ENT. WKLY., July 22, 2005, at 18 (noting *Entourage* show creator Doug Ellin describes his use of real brands on the show: "I pick stuff that I use or people in the world use. We try to make it realistic.").

60. Robert Simonson, *Sixties Accuracy in Every Sip*, N.Y. TIMES, Aug. 12, 2009, at D4, available at http://www.nytimes.com/2009/08/12/dining/12don.html?_r=2&hpw.

61. *The Hills*, (MTV 2006). Indeed, the use of real brands and locations tends to reinforce the semi-scripted show's status as "reality" television.

62. SUPER SIZE ME (The Con 2004).

63. The characters in Robert Altman's *The Player* (Avenue Pictures Productions, 1992) ordered different brands of bottled water at various times in the movie, in a subtle application of this technique.

64. PRETTY IN PINK (Paramount Pictures, 1986); see Denise E. DeLorme & Leonard N. Reid,

2. Product Placement

Marks may also be included in entertainment as the result of a product placement arrangement. Product placement (sometimes referred to as “embedded marketing”) occurs when a specific product or brand is incorporated into entertainment in exchange for some sort of compensation by the markholder.⁶⁵ Sometimes this compensation is in the form of free goods for use in the production; frequently, however, the compensation involves cash payment, free advertising, or some combination of all three.⁶⁶ Product placement may range from the display of a product or its mark as part of a background tableau to the use of a product or service by a character, to increasingly popular practices known as “product integration” or “brand integration,” which are defined as the “seamless weaving of a manufactured product [or service] into the *storyline* of an entertainment production.”⁶⁷

Product placement and brand integration are on the rise, but they are not new. They appeared in pre-Civil War songs and in Charles Dickens’ *Pickwick Papers*.⁶⁸ The first reported on-screen product placement occurred shortly after the invention of the movie, when in 1896 the Lumiere brothers filmed women washing clothes with Lever Brothers’ Sunlight Soap placed in a prominent position. The film was given the English title *Washing Day in Switzerland* and Lever Brothers provided Swiss film distribution in exchange for the favorable treatment.⁶⁹ In the decades that followed, markholders frequently provided free goods to film producers in exchange for screen time and reciprocal advertising benefits, and sponsored radio and television shows, which created branded entertainment such as soap operas.⁷⁰ The practice of paid product placement—that is, the inclusion of a brand or product in exchange for a fee—took off in the 1950s, following its use in the 1949 Marx brothers’

Moviegoers’ Experiences and Interpretations of Brands in Films Revisited, XXVII JOURNAL OF ADVERTISING 2, at 71, 79 (Summer 1999) (“To moviegoers in both studies, regardless of age and moviegoing frequency, brand placement was significant in that it provided relevant information about the character’s personality, lifestyle, and role in the movie plot.”).

65. Savare, *supra* note 7, at 333.

66. Savare, *supra* note 7, at 333.

67. Product Integrators, Inc., Interactive Product Placement, Slide Presentation, <http://www.productintegrators.com/pres1/slide1.html> (last visited Oct. 10, 2009).

68. Jay Newell, Charles T. Salmon & Susan Chang, *The Hidden History of Product Placement*, J. BROADCASTING & ELECTRONIC MEDIA (2006), available at http://www.entrepreneur.com/tradejournals/article/162470371_1.html (detailing the history of paid product placement, including paid placements in art and fiction in the Eighteenth Century).

69. *Id.*

70. *Id.* These practices have continued. In 1998, it was estimated that 90% or more of product placements are done on a barter basis, where the product or service is simply traded for exposure in the program. James A. Karrh, Kathy Brittain McKee & Carol J. Pardun, *Practitioners’ Evolving Views on Product Placement Effectiveness*, 43 J. ADVERTISING RES. 138, 139 (2003).

film *Love Happy*.⁷¹ Since the paid placement dam burst in the 1950s, the practice has risen in popularity from a practice that few had ever noticed or heard of to one that is nearly ubiquitous. Its popularity has especially ballooned since the appearance of Reese's Pieces in the film *E.T., The Extra-Terrestrial* (and associated synergistic marketing) was famously reputed to temporarily triple sales of the candy.⁷² Since then, the list of prominent product placements and the types of entertainment in which they appear has grown to a degree that it would be impossible to list them all: BMWs and Aston Martins in James Bond films;⁷³ Coca-Cola products on *American Idol*;⁷⁴ Bulgari jewelry in the book *The Bulgari Connection*;⁷⁵ Seagram's Gin in hip-hop music;⁷⁶ and Burger King in Electronic Arts' video game *Fight Night Round 3*.⁷⁷ The product placement industry

71. Jay Newell, Charles T. Salmon & Susan Chang, *The Hidden History of Product Placement*, J. BROADCASTING & ELECTRONIC MEDIA (2006), available at http://www.entrepreneur.com/tradejournals/article/162470371_1.html. In a climactic sequence, Harpo Marx escapes with stolen diamonds by running past a number of neon billboards including one for Baby Ruth candy and one for Fisk tires; riding the Mobil Oil "Pegasus" mascot; and swinging from a gigantic Bulova clock pendulum into the mouth of a smoking Kool penguin. *Id.* Signage rights were sold in advance to various entities including Socony for \$25,000, Curtiss Baby Ruth for \$25,000, and Bulova Watches for \$4,500 plus \$150,000 in advertising. *Id.* Fisk tires paid \$2,000 for its momentary appearance. *Id.*

72. *Id.*

73. *Product Integration is as Old as Hollywood Itself*, HOLLYWOOD REPORTER, Apr. 28, 2005, available at http://www.hollywoodreporter.com/hr/search/article_display.jsp?vnu_content_id=1000901394.

74. Nate Anderson, *Product Placement Still Huge as Advertisers Fight DVRs*, ARS TECHNICA, Sept. 17, 2008, <http://arstechnica.com/news.ars/post/20080917-product-placement-still-huge-as-advertisers-fight-dvrs.html> (noting that from January through June, 2008, American Idol featured 4,636 placements, most of them for Coca-Cola, which was the most-placed product during the first half of 2008); see also Michael A. Wiles & Anna Danielova, *The Worth of Product Placement in Successful Films: An Event Study Analysis*, 73 J. MARKETING 44, 54 (July 2009) (referencing chart containing a relatively small but still impressive list of product placements in major release feature films).

75. FAY WELDON, *THE BULGARI CONNECTION* 14 (Atlantic Monthly Press, 2000). Another example is Timex, which was approached with a deal to weave its products into the plot of a Tom Clancy book, movie, CD-ROM, and Internet game for \$1.3 million. Michelle R. Nelson, *Recall of Brand Placements in Computer/Video Games*, 42 J. ADVERTISING RES. 80, 81 (2002).

76. For example, Petey Pablo's *Freeek-a-leek*, which reached number 2 on the Billboard Rap Charts, included the lyrics: "Now I got to give a shout out to Seagram's Gin/Cause I'm drinkin' it and they payin' me for it." See Krissah Williams, *In Hip-Hop, Making Name-Dropping Pay*, WASH. POST, Aug. 29, 2005, at D1.

77. Mike Musgrove, *Advertisers Are Getting Into the Game*, WASH. POST, Mar. 2, 2006, at D1, available at <http://www.washingtonpost.com/wp-dyn/content/article/2006/03/01/AR2006030102285.html>. "Nielsen Entertainment, the television tracking firm," estimates that video game product placement and in-game advertisement would "grow to [be a] \$1 billion [business] by 2010." *Id.*; see also Michelle R. Nelson, Heejo Keum & Ronald A. Yaros, *Advertainment or Adcreep? Game Players' Attitudes toward Advertising and Product Placements in Computer Games*, 5 J. INTERACTIVE ADVERTISING (2004), available at <http://www.jiad.org/article52> (discussing various product placements in video games); Nelson, *supra* note 75, at 83–84 (including

continues to grow, as well.⁷⁸ Encouraged by marketing agencies, the popularity of product placement has grown more quickly in recent years. From April 2005 to December 2007 alone, instances of product placement in television grew by 40%.⁷⁹ Industry experts predict that product placement expenditures will increase at a compounded rate of about 15% per annum through 2009 and that product placement will be a \$7.55 billion market by 2010.⁸⁰ Indeed, in the current production climate, it is exceedingly rare—approaching nonexistent—for a nationally released feature film or television show not to feature any product placement.⁸¹

This growth in popularity can be attributed to a number of factors. For one thing, product placement is good for markholders. Consumer behavior can be tracked directly to entertainment content, including product placement. In addition to the boost Reese's Pieces received from its appearance in *E.T.*, sales of undershirts are estimated to have dropped 40% after Clark Gable unbuttoned his shirt to reveal a bare chest in the film *It Happened One Night*,⁸² and sales of Pinot Noir (of all brands) increased over 22% after the wine variety was praised in the film *Sideways*.⁸³ Study participants who viewed the movie *Wayne's World* in its entirety reported a purchase intention for placed brands that was 16% higher than for brands they had previously identified as "favorites."⁸⁴ Further, product placement

chart identifying examples and types of product placements in video games).

78. The dozens of firms who specialize in facilitating product placement and other forms of "branded entertainment" have their own trade association, the Association of Entertainment Marketing Professionals, which describes itself as "the entertainment industry's association for product placement agencies whose members represent corporations for the express purpose of handling branded integration, product placement and promotions for feature films, television and music videos." Entertainment Resources & Marketing Association (ERMA), ERMA Bylaws, http://www.emainc.org/web/index.php?option=com_content&task=category§ionid=4&id=46&Itemid=47 (last visited Oct. 10, 2009). ERMA member information is available at ERMA's website. See ERMA, <http://www.emainc.org> (last visited Oct. 10, 2009).

79. Kenneth C. Wilbur et al., *Effects of Advertising and Product Placement on Television Audiences* 1–2 (USC Marshall School of Business Marshall Research Paper Series, Working Paper MKT 09-09, 2009), available at <http://ssrn.com/abstract=1151507>.

80. Kai Falkenberg & Elizabeth McNamara, *Using Trademarked Products In Entertainment Programming*, 24 A.B.A. COMM. LAW. 1, 1 n.2, 13 (2007) (citing the PQ Media *Global Product Placement Forecast 2006-2010*); Steven N. Lewis, *Branded Entertainment and Product Integration: A Revolution in its Infancy*, 23 ENT. & SPORTS L. 1, 11 (2006) (citing to the PQ Media LLC projected product placement forecast for 2006–2010).

81. See generally WRITERS' GUILD OF AM., "ARE YOU SELLING TO ME?" STEALTH ADVERTISING IN THE ENTERTAINMENT INDUSTRY (2005), available at http://www.wga.org/uploaded/Files/news_and_events/press_release/2005/white_paper.pdf (discussing proliferation of product integration in feature films and television shows).

82. *IT HAPPENED ONE NIGHT* (Columbia Pictures Corporation 1934).

83. *SIDEWAYS* (Fox Searchlight Pictures 2004); Falkenberg & McNamara, *supra* note 80, at 1.

84. Siva K. Balasubramanian, James A. Karrh & Hemant Patwardhan, *Audience Response to Product Placements: An Integrative Framework and Future Research Agenda*, 35 J. ADVERTISING 115, 133 (2006).

is generally less expensive for markholders than traditional advertising,⁸⁵ and in many cases is more likely to reach viewers, as more traditional methods of advertising have become more expensive and less effective. Audiences have fragmented into a wide range of entertainment sources, including cable television, the Internet, and mobile content, while technology and market saturation have inured consumers to more traditional advertising techniques. Moreover, advertising in nearly every marketing channel has become more expensive, and competition has tightened.⁸⁶ Specifically, in the television context, consumers' ability to skip commercials using VCRs and (especially) DVRs has eroded consumer advertising attention. These factors have combined to inspire an increasing number of advertisers to explore product placement as an avenue for connecting with consumers.⁸⁷

At the same time, rising production costs have made product placement more appealing to content creators of all types and sizes.⁸⁸ For small or independent producers, product placements may be difficult to secure (because such productions may not be able to promise large audiences)—but even so, a paid placement can make the difference between making a work and not being able to afford it.⁸⁹ For large-scale productions, the sums paid for conspicuous placement of a product may be at least as influential—and they are rising. As recently as 1990, the Walt Disney Company priced a product placement episode with visual, visual + brand-name mention, and actual product use content at \$20,000, \$40,000, and \$60,000, respectively.⁹⁰ In 2002, a single placement of a detergent on a sitcom could yield from nearly \$23,000 (the sum paid for a seven-second close up of Sunlight brand detergent on the sitcom *Everybody Loves Raymond*) to over \$225,000 (for a character's use of Snuggle detergent on *Friends*).⁹¹ From 2004 to 2005, companies including Burger King, Dove Body Wash, Sony PlayStation, Verizon Wireless, and Visa each paid an estimated \$2 million to \$2.5 million to be incorporated into the plot lines of *The Apprentice*.⁹² More recent studies suggest that the practice could

85. Savare, *supra* note 7, at 356–57.

86. Falkenberg & McNamara, *supra* note 80, at 13.

87. Falkenberg & McNamara, *supra* note 80, at 13; Savare, *supra* note 7, at 332–33.

88. Falkenberg & McNamara, *supra* note 80, at 7.

89. Savare, *supra* note 7, at 359 (noting markholders and their agents consider distribution prospects in determining whether and on what terms to place a product); *id.* at 371 n.270 (“[P]roduct placement agencies generally do not pay much attention to films that they deem do not have a viable chance of being distributed. . . . [These agencies] ‘are unwilling to support chancier projects that are in far greater need of support.’”) (internal citations omitted).

90. Balasubramanian et al., *supra* note 84, at 134.

91. Louis Chunovic, *Trying To Price Placement: Kraft, Unilever View ITVX Service that Claims to Put Value on Product Appearances*, ADVERTISING AGE, Dec. 2, 2002, at 4. Information on placement pricing is scant, as producers and networks generally do not release the terms of such arrangements. Wilbur et al., *supra* note 79, at 13.

92. Stuart Elliott, *Burger King Moves Quickly to Take a Product from TV to the Table*, N.Y.

reduce the feature film industry's production costs by 25%.⁹³ Thus, product placement is symbiotic, giving markholders a relatively inexpensive way of disseminating advertising to a large viewing audience, while providing content creators with an additional source of funding.⁹⁴

Also notable is the degree to which the consuming public has become aware of the practice of product placement. The practice is so ubiquitous that consumers have come to expect that blockbuster movies will contain product placements. They are accustomed to gratuitous and lingering shots of James Bond's cell phone with the "Ericsson" logo clearly visible, and by the startup screen of a computer on Fox's *24* showing nothing but the logo for Cisco Systems. Consumers cannot help but know that they are on the receiving end of product placement; the signals are all around them. Even if consumers would not naturally assume that the products they see in entertainment are placed, the press and popular culture tell them so.⁹⁵ Indeed, more than ten thousand news articles have been published regarding product placement in the last three years.⁹⁶ Of the 651 articles on product placement that have appeared in the *New York Times* since 1981, more than half were printed within the last five years.⁹⁷ The press has also perpetuated an overly-expansive view of trademark law's reach. For example, an article in the *Chronicle of Higher Education* warned that "[f]leeting references to actual institutions should qualify as 'fair use'

TIMES, Jan. 21, 2005, at C4, available at <http://www.nytimes.com/2005/01/21/business/media/21adco.html>.

93. Kim Bartel Sheehan & Aibing Guo, "Leaving on a (Branded) Jet Plane": An Exploration of Audience Attitudes Towards Product Assimilation in Television Content, 27 J. CURRENT ISSUES & RES. ADVERTISING 79, 80 (2005) (internal citations omitted).

94. Savare, *supra* note 7, at 356–57 (discussing symbiotic benefits of product placement to markholders and content creators). Savare notes that some also credit product placement with adding to verisimilitude in entertainment, while others point out that most product placements are gratuitous and exist for purely economic reasons. *Id.* at 357–58.

95. For example, Antrepo Design Industry, a graphic design firm based in Turkey, has gained attention in the United States through its blog. See ANTREPO4, A2591, <http://a2591.blogspot.com/> (last visited Oct. 10, 2009). The firm's output includes a set of movie posters that contain nothing but the name of the film and the brands featured in the film. *Id.* (follow hyperlink "Type PS (Posters)" under "Container Type"). Posters include *Iron Man*, *The Matrix Trilogy*, *The Bourne Ultimatum*, *Kill Bill Vol. 1*, *Ocean's Eleven*, and *The Dark Knight*. *Id.* Interestingly, while Antrepo has named the poster set "Movie Posters With Brand Integration," the posters list (nearly) all brands (including University of California and Yale University) that appear in the films without regard for whether the uses were placed, authorized, or used without authorization. See ANTREPO4, A2591, Movie Posters with Brand Integration, <http://a2591.blogspot.com/2008/09/movie-posters-with-brand-integration.html> (Oct. 9, 2008).

96. This information is based on a search in Westlaw's ALLNEWS database for ("product placement" or "product integration" or "brand integration").

97. This information is based upon a search in Westlaw's NYT database conducted on July 16, 2009 for ("product placement" or "product integration" or "brand integration"). This search resulted in 707 articles, all dated 1981 or later. *Id.* The most recent 383 of these were dated November 2003 or later. *Id.*

under trademark law, but anything more persistent requires permission,”⁹⁸ and the *Wall Street Journal* told its online readers that “[f]ilmmakers must sidestep delicate trademark issues when setting a scene. Prominently showing an AOL email screen or Google search page, for example, requires approval from the companies, so some production designers create a variation that avoids the red tape.”⁹⁹

In addition, many entertainment products themselves have lampooned the practice, bringing it to the forefront of public attention. To name just a few: the film *Wayne’s World* featured a section devoted to product placement, in which lead characters Wayne and Garth discussed the moral implications of “selling out” while successively presenting to the camera products from Pizza Hut, Doritos, Reebok, Nuprin, and Pepsi, eventually weaving the products’ mottos in to their dialogue;¹⁰⁰ the film *Josie and the Pussycats* blatantly positioned product logos for laughs, like a 6-foot long “Advil” logo plastered on the floor below an overhead shot of two young women having a fist fight;¹⁰¹ and the characters in the television show *30 Rock* looked into the camera to ask, after singing the praises of Verizon phones, “can we have our money now?”¹⁰²

The more consumers are aware of the prevalence of product placement, the more likely they are to believe that all marks appearing in entertainment are placed or licensed.¹⁰³ As Mark McKenna wrote, “If the start time of a baseball game indicates 7-Eleven’s sponsorship [as it has for the Chicago White Sox since 2007], is it really possible to say definitively that consumers would conclude that the presence of ‘Microsoft’ in the title of an article does not?”¹⁰⁴ This belief is bolstered by the practice,

98. Sara Lipka, *PG-13? Not This College. Or That One. Or...* , CHRON. OF HIGHER EDUC., June 18, 2009, at A1, A21, available at <http://beta.chronicle.com/article/PG-13-Not-This-College-Or/44494/>.

99. Andrew Lavalley, *Hollywood’s Take on the Internet Often Favors Fun Over Facts*, WALL ST. J. ONLINE, May 1, 2006, http://online.wsj.com/public/article/SB114417762246516812-Jafduz1qqrJNqD9QzSSA0d3LIk8_20060508.html?mod=blogs.

100. WAYNE’S WORLD (Paramount Pictures 1992).

101. JOSIE AND THE PUSSYCATS (Universal Pictures, 2001).

102. Gail Schiller, “*30 Rock*” Rolls Ads Into Story Lines, REUTERS, Nov. 28, 2007, <http://www.reuters.com/article/entertainmentNews/idUSN2833828120071128>.

103. For example, press and consumers alike have expressed confusion over whether the show *Entourage* has received promotional consideration for the many realism-enhancing products used on the show. *Entertainment Weekly* confirmed that the show receives no payment for its use of brands, yet the blog *Product Placement Watch* continues to believe, years later, that the products appearing in the show are paid placements. See Stack, *supra* note 59, at 18 (*Entourage*’s love of brand names smells fishy. Show creator Doug Ellin says he gets no money for his prominent placements of Apple, Barney’s, and Van Cleef & Arpels . . . but “we’ll really get suspicious if Vince starts doing iPod commercials.”); Product Placement Watch, <http://productplacementwatch.blogspot.com/2007/04/entourage-promoting-brands-in-fake-real.html> (Apr. 9, 2007).

104. Mark P. McKenna, *Trademark Use and the Problem of Source*, 2009 U. ILL. L. REV. 773, 823 (2009).

especially common in music videos, of digitally pixellating or otherwise obscuring marks that are not licensed or placed.¹⁰⁵ This pixellation or blurring of marks typically occurs when the appearance of the mark does not bear on the subject matter of the video. For example, apparel logos are frequently blurred in rap videos, but logos designed to make a statement, such as the use of a Louis Vuitton logo to indicate luxury in Britney Spears' video for the song *Do Somethin'*,¹⁰⁶ are left in.¹⁰⁷ By drawing attention to obscured marks, the practice of blurring unlicensed marks sends a message to consumers that gratuitous appearances of marks need to be licensed.¹⁰⁸

Not only are consumers barraged with evidence of product placement, but research also shows that they have come to expect it. In 2005, some 43% of consumers already believed that the *primary purpose* of a scene in a television show featuring someone using a product was an attempt to influence purchase,¹⁰⁹ and 65% of magazine readers believed that editorial mentions of a brand are the result of a deal between the mark owner and the magazine.¹¹⁰ A growing body of marketing and social science literature indicates that consumers are aware of, and influenced by, product placement.¹¹¹

105. Gibson, *supra* note 5, at 919 (For example, MTV's long-form programming policy requires blurring of any prominently featured brand that is not part of a product placement deal). This practice is motivated in part by a desire to avoid trademark law entanglements, and in part by a desire not to provide free advertising to companies that might otherwise pay for placement. Interview with John Rogers, creator and executive producer of *Leverage* (TNT); Interview with Alexander Court, assistant to the producer of *Greek* (ABC Family). Regardless of the reason, the practice tends to reinforce consumer assumptions that any brand appearing in entertainment is sponsored or approved by the markholder.

106. BRITNEY SPEARS, *DO SOMETHIN'* (Jive 2005).

107. See Amy Odell, *Sony To Pay Louis Vuitton for Past Britney, Da Brat Videos*, N.Y. MAG., Aug. 1, 2008 (discussing settlement of European suit concerning use of Louis Vuitton logo on dashboard of fantasy Humvee in Britney Spears' *Do Somethin'* video).

108. Gibson, *supra* note 5, at 917–18 (citing social science research that indicates a strong tendency to draw causal inferences from information to which one's attention is drawn); Newman, *supra* note 6, at 359.

109. Dawn Anfusio, *Survey Says: TV Ads Not Dead*, IMEDIA CONNECTION, Aug. 22, 2005, <http://www.imediaconnection.com/news/6577.asp> (emphasis added).

110. *The Week*, ADVERTISING AGE, Oct. 17, 2005, at 20.

111. DeLorme & Reid, *supra* note 64, at 72, 85; see also *id.* at 78 (observing that moviegoers in the study “were aware of the persuasive intent of brand props”); *id.* at 85 (“Our results convincingly demonstrate that moviegoers are more sophisticated in their understanding of the practice of brand placement than critics would have public policy officials believe.”); Yongjun Sung, Federico de Gregorio & Jong-Hyuok Jung, *Non-Student Consumer Attitudes Towards Product Placement: Implications for Public Policy and Advertisers*, 28(2) INT’L J. ADVERTISING 277 (2009) (discussing study showing that “consumers are very much aware that brands within movies are often a form of commercial persuasion, do not see harm in its results, and find benefit in the practice’s enhancement of the fictionalized worlds within those films.”); Gibson, *supra* note 5, at 918–19. See generally Sharmistha Law & Kathryn A. Braun-LaTour, *Product Placements: How to Measure their Impact*, in THE PSYCHOLOGY OF ENTERTAINMENT MEDIA: BLURRING THE LINES

3. Permission For Use of Marks

While some marks that appear in entertainment are placed there in exchange for “promotional consideration”—money or goods provided by markholders to content creators in exchange for favorable depictions—other uses involve payment by content creators to markholders in exchange for permission to use the marks in the content. Although one involves payment by a markholder and the other involves payment to a markholder, both product placement and licensing result in a markholder’s exercise of control over the use of its mark. Still other uses are unauthorized.¹¹² In theory, using a mark without authorization would result in greater artistic freedom for a content creator; in practice, however, all content creators must be concerned with the repercussions of any trademark uses, and those who prefer to use marks without authorization may find themselves cramping their own creativity in order to avoid lawsuits.

To the extent that recent cases involving unauthorized uses of marks have reached the courts, most have resulted in findings of non-infringement.¹¹³ Yet, these results have not deterred markholders from seeking to restrict artistic uses of their marks. For example, although courts have repeatedly stated that “the ‘mere appearance’ of a Ford Taurus in a generic film scene involving a car chase would not, by itself, support a trademark infringement claim,”¹¹⁴ the producers of the 2008 *Knight Rider* television show have received numerous cease and desist letters from car

BETWEEN ENTERTAINMENT AND PERSUASION 63 (L.J. Shrum ed., 2004) (discussing models and studies of consumer persuasion by product placements). Cf. Paul Siegel, *Product Placement and the Law*, HANDBOOK OF PRODUCT PLACEMENT IN THE MASS MEDIA 89, 97 (Mary-Lou Galician ed., 2004) (noting that product placements may have been clandestine fifteen years ago but that “nowadays, audiences are keenly aware of their existence”).

112. Although, as discussed below, the norm trends toward receiving authorization for the use of marks as required by most insurance companies, some content creators still use marks without authorization. See *Wham-O, Inc. v. Paramount Pictures Corp.*, 286 F. Supp. 2d 1254, 1258 (N.D. Cal. 2003) (noting Defendants filed a declaration stating that as a matter of custom, they do not seek the permission of manufacturers of name-brand products to use those products in its films, and thus did not license the Wham-O “Slip ‘N Slide” nor the other marks used in the film *Dickie Roberts: Former Child Star* (including Wesson Oil, Volkswagen, and Ford)).

113. See, e.g., *id.* at 1262–63 (finding no infringement for use of “Slip ‘N Slide” toy in plot of film *Dickie Roberts: Former Child Star*); *Caterpillar, Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 919–20 (C.D. Ill. 2003) (finding no infringement for prominent use of Caterpillar mark on bulldozers in climactic destruction scene of *George of the Jungle 2*); *Gottlieb Dev. LLC v. Paramount Pictures Corp.*, 590 F. Supp. 2d 625, 636 (S.D.N.Y. 2008) (holding that use of pinball machine in background of film *What Women Want* was not trademark infringement); see also *Rock & Roll Hall of Fame & Museum, Inc. v. Gentile Prods.*, 134 F.3d 749, 755–56 (6th Cir. 1998) (holding that artist’s use of building image in photograph did not constitute trademark infringement, but basing decision on determination that building image did not constitute a protectable trademark. This holding supports a claim for infringement when a protectable mark is used in same circumstances); McGeveran, *supra* note 11, at 59 (discussing how “correct outcomes” of recent cases have not diminished the continued chilling effect of trademark law on expression).

114. *Gottlieb*, 590 F. Supp. at 635.

companies for using their cars in chase scenes against the show's mythical (Ford) car, KITT.¹¹⁵ Cease and desist letters in this context are difficult to track, but there can be no doubt that they are both common and chilling.¹¹⁶

Even a content creator who is likely to prevail in a trademark infringement suit has much to fear from litigation. Litigation is costly, and even cases that settle prior to adjudication involve significant expense.¹¹⁷ Moreover, litigation of trademark disputes is frequently fact-intensive and involves the additional expense of retaining survey experts to explore whether the unauthorized use of a mark caused confusion as to sponsorship or endorsement, or whether the unauthorized use is supported by a First Amendment defense.¹¹⁸ Survey results and other questions of fact may preclude motions to dismiss, or even summary judgment, requiring lengthier litigation and increased discovery costs.¹¹⁹ Furthermore, the remedy for trademark infringement typically includes injunctive relief, and both preliminary and permanent injunctions are common. While injunctive relief is an eminently appropriate penalty from a trademark standpoint—once a use is found to infringe, permitting that use to continue would not only perpetuate the harm of infringement but also weaken the plaintiff's mark—content creators may (reasonably) perceive the unauthorized use of marks as “not worth the risk.”¹²⁰

115. Gary Scott Thompson, Executive Producer, *Knight Rider*, Remarks at the Paley Center For Media Panel on Branded Entertainment (Oct. 8, 2008), available at <http://www.paleycenter.org/mc-breakfast-panel-branded-entertainment> (“We’ve had cease and desists from numerous automotive [companies] because they say that that Ford [KITT] could never beat our car in a race . . . It was, seriously, it came from a lawyer. Our car can beat your car so you can’t use it.”) [hereinafter Thompson Remarks].

116. The Chilling Effects Clearinghouse database does not track cease and desist letters in this particular context, but it is clear from news reports that they occur frequently. Chilling Effects, <http://www.chillingeffects.org> (last visited Oct. 10, 2009). As just one example among many: in July 2009, The University of Utah sent a cease and desist letter to the television show *Big Love* after the show included a three-second shot of a document with the school name and “Big U” logo. Brian Maffly & Vince Horiuchi, *U. to HBO: Take Our Logo out of ‘Big Love’ Episode*, SALT LAKE TRIB., July 8, 2009, available at http://www.sltrib.com/tv/ci_12768989. Cease and desist letters may not cost the accused infringer as much as a lawsuit does, but they can have a similarly chilling effect on conduct, especially since they are easier and cheaper for markholders to send, with fewer repercussions. See Kenneth L. Port, *Trademark Extortion: The End of Trademark Law*, 65 WASH. & LEE L. REV. 585, 589–90 (2008) (discussing chilling effect of cease and desist letters even when a case has no merit).

117. See McGeveran, *supra* note 11, at 62–63 (discussing high cost of trademark litigation).

118. See, e.g., *Walking Mountain*, 353 F.3d 792, 797 (9th Cir. 2003) (supporting First Amendment defense); *Rogers v. Grimaldi*, 875 F.2d 994, 1001 (2d Cir. 1989); *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 444 F. Supp. 2d 1012, 1046 (C.D. Cal. 2006); *Mattel II*, 28 F. Supp. 2d 1120, 1132–33 (C.D. Cal. 1998).

119. See *Walking Mountain*, 353 F.3d at 813–14 (discussing parties’ extensive discovery disputes).

120. Gibson, *supra* note 5, at 913. Injunctive relief is considered necessary to trademark law for the same reason that markholders are required to police their marks (or face losing their marks as a consequence of failure to police): an infringing mark confuses consumers and weakens the

It is natural, then, that content creators and their insurance companies, unsure when they can use marks and when they can't, would choose to license marks even when licensing is not necessary or to forego the use of marks entirely. A culture of "license, don't litigate" has arisen in the entertainment industry.¹²¹ Several commentators have dubbed this litigation-avoidance approach the "clearance culture."¹²² In an abundance of caution, content creators will acquire permission for all uses of trademarks (and all uses of copyrighted material), even when there are strong defenses to infringement or when the uses are not likely to confuse or dilute the value of the mark. Creators and insurers would rather pay to use a mark, or avoid its use altogether, than argue that the use is permitted without authorization.¹²³

Lawyers and commentators commonly counsel content creators to remove any unauthorized marks, products, or services from their creative works.¹²⁴ This can create significant expense and delay. For example, production on a major reality show was delayed when lawyers advised that the plan to film at a Target department store required permission not only from Target (which had been obtained), but also from the owners of every mark that would appear on shelves in the background.¹²⁵ Even more importantly, insurance companies often require that all trademark uses be accounted for, either by product placement or licensing.¹²⁶ For example, insurance carriers commonly require television shows to create episode-by-episode "clearance reports" detailing what marks are used and stating which uses are licensed and which are placed.¹²⁷ Marks that are not cleared

original mark.

121. *Id.*

122. *See, e.g.,* AUFDERHEIDE & JASZI, *supra* note 10, at 22. Aufderheide and Jaszi define the clearance culture as "the shared set of expectations that all rights must always be cleared." *Id.*

123. AUFDERHEIDE & JASZI, *supra* note 10, at 22–23; Jennifer E. Rothman, *The Questionable Use of Custom in Intellectual Property*, 93 VA. L. REV. 1899, 1912 (2007) (discussing the pervasiveness of clearance culture and its effects on creative products such as biographies and documentaries).

124. Falkenberg & McNamara, *supra* note 80, at 19 ("All of this should caution producers to think seriously before using branded products in entertainment programming without permission."); Ronald H. Gertz et al., *Clearance of Rights for Motion Picture and Television Productions*, CENTURY CITY BAR ASS'N J., Summer 1983, at 42, 43, 47–50 (recommending clearance of all "identifiable names, products, locations, companies [etc.]").

125. Interview with Deborah Henderson, Associate, Irell & Manella LLP, in L.A., Cal. (Oct. 2008).

126. *See* HEINS & BECKLES, *supra* note 12, at 5 (stating errors and omissions insurance carriers demand "permission for every snippet of film, photographs, music, or text that is used, in addition to shots of distinctive buildings or products," even when no cause of action would exist).

127. Interview with Alexander Court, Assistant to the Producer of *Greek*, ABC Family, in L.A., Cal. (Oct. 2008). These reports are also used by the networks' advertising sales departments to identify markholders who might be amenable to paid product placement deals, and to limit the use of non-placed marks. *Id.*

must be removed before an episode airs.¹²⁸ Content creators comply with insurers' demands out of expediency and fear.¹²⁹ In addition to the clearance of all copyrighted works and the clearance or removal of all proper names, most television and film studios' "standards and practices" require the elimination of any references to trademarks in dialogue and the removal of or blurring of trademarks that appear on screen.¹³⁰ Such restrictions not only add expense, but may also silence creation altogether. For example, the Sony Pictures film *Moneyball* (which was slated to be directed by Stephen Soderbergh and star Brad Pitt) was scrapped in its entirety shortly before filming was scheduled to begin, largely because the demands of markholder Major League Baseball forced Sony and Soderbergh to make unacceptable compromises in the film's expression.¹³¹

128. *Id.*; see also Thompson Remarks, *supra* note 115 ("We use products every day, so for us on a show, we're constantly finding storylines where we actually want to use a product and we can't, because there's no deal in place.").

129. AUFDERHEIDE & JASZI, *supra* note 10, at 23 (reporting documentary filmmaker Robert Stone's concern that "[i]f you ever have a claim on E&O insurance . . . you might as well go into another line of work. You can never file a claim or you get blacklisted—and never be insured again.").

130. See Rothman, *supra* note 123, at 1922; see also, e.g., MTV Tr3s, *Terms and Conditions of Participation in the "MTV Tr3s Rock Dinner" Casting Call*, http://www.mtvtr3s.com/asm/sweeps/rules/rockdinner_castingcallrules_BALA_021309.doc at ¶4 (last visited Oct. 10, 2009) (barring submissions from containing anything violative of MTV Standards and Practices, including "[c]ommercial products (e.g., clothing, toys, food) and/or their trademarks, brands, logos or endorsements [and] Unauthorized trademark and copyrighted materials"); Comedy Central, *Important Things with Demetri Martin: Picture Contest Official Rules*, http://www.comedycentral.com/shows/important_things/contest_rules/index.jhtml at ¶3 (last visited Oct. 10, 2009) (barring submissions from containing anything violative of MTV standards and practices, including "any commercial endorsements [and] . . . any unauthorized use of a service mark, trademark, brand, copyrighted work or any other property, tangible or intangible, or location or place or that would otherwise not be considered your original work"). This is likely the origin of scenes like the one in an episode of *The Office* (Reveille Productions 2008), in which the characters sat in front of a break-room vending machine with all of its contents flipped around so that only the backs of packaging were visible.

131. Michael Cieply, *Despite A-List Star and Director, a Prestige Film Falls Through*, N.Y. TIMES, July 1, 2009, at B1, available at http://www.nytimes.com/2009/07/02/business/media/02moneyball.html?_r=1&scp=1&sq=moneyball&st=cse. In his discussion of the *Moneyball* controversy, William McGeveran succinctly summed up the harm of permitting this level of markholder control:

So, if a screenwriter wants to tell a story about a real team, baseball's PR executives must approve of it first? To the degree that they can change the entire style of the movie? What if the character makes a pact with Satan to defeat the Yankees? [*Damn Yankees*] How about an acclaimed Lou Gehrig biopic [*The Pride of the Yankees*], or a cartoon about Babe Ruth's talking bat [*Everyone's Hero*]? What about a mock trial of Pete Rose at Harvard Law School?

William McGeveran, *Trademarks, Movies, and the Clearance Culture*, July 2, 2009, <http://blogs.law.harvard.edu/infolaw/2009/07/02/tm-movie-clearance/> (last visited Oct. 10, 2009).

Creators in all media have faced trademark-based restrictions. For example, Jennifer Rothman describes the creative choices imposed on author Don DeLillo, whose publisher demanded that he change the name of his book *Panasonic* (a reference to consumer culture as well as an expression of the cacophonous world inhabited by the book's protagonist), and the makers of the film *Camp Out* (a documentary about a summer camp for gay teens), who were required by studio lawyers to clear the trademark rights for every piece of Elvis Presley memorabilia contained in the dormitory room of an Elvis-obsessed camper.¹³² DeLillo and the makers of *Camp Out* would likely have had solid defenses in any suits concerning their uses of marks, but as a practical matter, even content creators who would prevail in a trademark suit have little choice but to license marks or refrain from using them altogether.

These situations reflect the way in which existing trademark law causes content creators to choose between compromising their expression and facing increased costs. Creators without the budgets to pay for each product and service that appears in a work will be forced to compromise their expression. Moreover, existing trademark law imposes creativity constraints even on those creators who can afford to clear all marks because licensing or placing a mark requires some relinquishing of creative control, and some licensing requests are certain to be refused. This is particularly likely to occur in the case of parodies or other uses that may involve an unfavorable depiction of the mark, product, or service.¹³³ But “unfavorable” is in the eye of the beholder, and markholder demands may range from inconsequential changes to seeking wholesale revision—making it impossible for content creators to use real marks in their works without adding a layer of (at best, unpredictable, and at worst, crippling) censorship. For example, New York University balked at “racy” story lines in the television show *Felicity*,¹³⁴ forcing its producers to create a fictional university for its students (thereby sacrificing realism).¹³⁵ Whether caused by risk aversion, insurance requirements, or markholder demands (or a combination of the three), the result is a broad limitation on the storytelling

132. See Rothman, *supra* note 123, at 1903, 1914.

133. See HEINS & BECKLES, *supra* note 12, at 21. Documentary filmmakers report trademark difficulty in depicting real world, and creative choices dictated by trademark concerns. See *id.* at 20–21. For example, one participant commented:

They're everywhere. I cut a scene from a film because there was a big cup with this gas station trademark on it, but the problem is, you can't go into a store, you can't buy anything that doesn't have a logo on it. So they don't give you the option of having a cup with no logo, but I was like, “oh god, I didn't realize that cup had this huge logo in the side of the frame.”

Id. In this situation, the filmmaker cut the scene, in part because it involved addiction, a subject with which the filmmaker feared the markholder would not want to be associated. *Id.* at 21. Similarly, Panasonic denied DeLillo's request to clear the book title, and the Presley estate could easily have refused to license its marks for use in the film *Camp Out* in light of the film's controversial subject (or for no reason at all). See Rothman, *supra* note 123, at 1914.

134. *Felicity* (Touchstone Television 1998).

135. Lipka, *supra* note 98, at A1.

and artistic tools available to content creators. James Gibson refers to this as the “anticommons”—a subset of potential sources of creative content that the law takes out of the public vocabulary.¹³⁶

C. Harmful Results

Product placement and the culture of “license, don’t litigate” combine to create a recursive problem.¹³⁷ As more marks are placed or licensed and fewer marks are used without authorization in favor of conspicuous blurring or generic designations, consumers perceive that all uses of marks are “bought or paid for.”¹³⁸ Because the question of trademark infringement under section 43(a) of the Lanham Act hinges on consumer confusion, this perception essentially creates infringement where none existed—to the extent that consumers believe that all uses of marks must be authorized by the markholder, any unauthorized use is confusing and therefore infringing. This, in turn, increases the need for content creators to avoid using unlicensed marks, and hence, the pattern continues.¹³⁹

This recursive expansion of trademark rights, which James Gibson dubs “rights accretion,” is not a hypothetical problem.¹⁴⁰ Although suits regarding the use of trademarks in expressive works are not a new phenomenon,¹⁴¹ recent years have shown a marked increase in litigation over unauthorized uses of marks in entertainment. The Rock and Roll Hall of Fame sued photographer Chuck Gentile for including an image of the building in a poster.¹⁴² Wham-O sued Paramount Pictures for the use of its “Slip ‘N Slide” toy in the film *Dickie Roberts: Child Star*.¹⁴³ Caterpillar sued Walt Disney Company for the use of its mark on bulldozers in the

136. Gibson, *supra* note 5, at 933.

137. Gibson, *supra* note 5, at 913, 934. Gibson discusses this recursive problem as one instance of “rights accretion” in U.S. intellectual property law. *Id.* at 907–28.

138. See Anfuso, *supra* note 109 (reporting 43% of television viewers believe that the primary purpose of product appearances in television shows is an attempt to influence purchasing); *The Week: Mag Readers Assume Advertisers Pay for Plugs*, ADVERTISING AGE, Oct. 17, 2005, at 20 (reporting 65% of magazine readers believe that product appearances in magazines are placed); cf. Gibson, *supra* note 5, at 924 (“In one 1983 poll, 91.2% of respondents agreed that “[n]o product can bear the name of an entertainer, cartoon character, or some other famous person unless permission is given for its use by the owner of the name or character . . .”).

139. Gibson, *supra* note 5, at 907–08; Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 495–89 (2005) (discussing effect of consumer expectations on trademark law).

140. See Gibson, *supra* note 5, at 885–86.

141. See, e.g., *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 202 (2d Cir. 1979).

142. *Rock & Roll Hall of Fame & Museum, Inc. v. Gentile Prods.*, 134 F.3d 749, 750–51 (6th Cir. 1998).

143. *Wham-O, Inc. v. Paramount Pictures, Corp.*, 286 F. Supp. 2d 1254, 1255 (N.D.Cal. 2003).

film *George of the Jungle 2*.¹⁴⁴ Emerson Electronics sued NBC for showing its InSinkErator mark on the television show *Heroes*.¹⁴⁵ Bell Helicopter sued Electronic Arts for the use of its HUEY mark and trade dress in the video game *Battlefield Vietnam*.¹⁴⁶ The University of Alabama sued sports artist Daniel A. Moore for using its distinctive crimson and white color scheme in paintings depicting Alabama football games.¹⁴⁷ Louis Vuitton sued Sony BMG in French court over the use of its mark in music videos and album covers.¹⁴⁸ A pinball machine company sued Paramount Pictures for using a pinball machine with the SILVER SLUGGER mark visible in the background of the film *What Women Want*.¹⁴⁹ The list of suits goes on and on. And although some of these cases have ended in losses for the markholder, others remain unresolved or have ended in monetary and/or injunctive settlements.¹⁵⁰ The lesson is that the unauthorized use of a mark in an expressive work is a risky endeavor.

By increasing the riskiness of unauthorized mark use, these practices create a situation in which content creators' only choices are to refrain from using marks or to relinquish creative control to markholders through licensing or placement. Regardless of content creators' ultimate decision, the fact of their having to choose creates a number of harmful effects. First, it chills expressive speech by limiting the availability of marks as expressive tools and limiting content creators' ability to craft depictions of the real world. Second, it conflicts with several policies underlying trademark law, including the speech-fostering policy that trademark law should not take words, symbols, or colors out of circulation any more than necessary, even when leaving terms in circulation may lead to consumer

144. *Caterpillar, Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 915 (C.D. Ill. 2003).

145. Complaint at 3–4, *Emerson Elec. Co. v. NBC Universal Television Studios, Inc.*, 4:06-cv-01454-TCM (E.D. Mo. Oct. 2, 2006).

146. Plaintiff's Second Amended Original Complaint at 5, *Bell Helicopter Textron, Inc. v. Elec. Arts, Inc.*, No. 4:06-cv-00841 (N.D. Tex. May 1, 2007).

147. Adam Liptak, *Sports Artist Sued for Mixing Crimson and Tide*, N.Y. TIMES, Nov. 12, 2006, at 11, available at http://www.nytimes.com/2006/11/12/us/12artist.html?_r=2.

148. See Odell, *supra* note 107 (reporting the settlement of a French suit concerning use of Louis Vuitton logo in Britney Spears and Da Brat videos and Rueben Studdard album cover).

149. *Gottlieb Dev. LLC v. Paramount Pictures Corp.*, 590 F. Supp. 2d 625, 630 (S.D.N.Y. 2008).

150. Sony BMG agreed to cease distribution of allegedly infringing materials and pay Louis Vuitton an undisclosed settlement amount estimated over \$300,000 for the use of the LV marks in its videos and album covers. Odell, *supra* note 107. Although the terms of the settlement in the *Bell Helicopter* case were not released, *Battlefield Vietnam* no longer contains HUEY helicopters, which have been replaced by "transport" helicopters. Moreover, a markholder loss in a product placement case does not necessarily indicate that a future case on a similar theory would not succeed. See *Rock & Roll Hall of Fame & Museum, Inc. v. Gentile Prods.*, 134 F.3d 749 (6th Cir. 1998) (holding an artist's use of a building image in a photograph did not constitute trademark infringement, but basing its decision on a determination that building image did not constitute a protectable trademark; this holding supports a claim for infringement when a protectable mark is used in same circumstances).

confusion.¹⁵¹ Third, it increases the transaction costs of content creation, which has a disproportionately large speech-chilling effect for small and independent content creators. While large entertainment companies, game giants, and publishing houses may be able to incur increased production costs with relative ease—and may be able to promise larger audiences as an incentive for a markholder to authorize the use of a mark—small and independent creators are less likely to have the funds or audiences required to secure permission to use marks, and thus are more likely to face a choice between prohibitive cost and freedom of expressive choice.

1. The Loss of Communicative Tools

The creative restrictions that arise from the “anticommons” are significant. First, verisimilitude suffers. A content creator cannot practically depict the real world of a given time or place without depicting the trademarks and trade dress of that time and place. In the real world, consumers are presented with brand names and distinctive trade dress with nearly every glance. It is nearly impossible, for example, to present an external view of an individual driving a car without showing the car’s brand signifiers or distinctive trade dress. Any scene set in a kitchen will include brand identifiers (the stove, the refrigerator, the faucets, the food packaging, etc.) and urban street scenes are even more brand-heavy, with stores, advertisements, and commercial goods in the frame of nearly any realistic view, just to name a few.¹⁵² In fact, a content creator interested in depicting the real world may have no choice but to depict the marks in it, not only for reasons of verisimilitude, but also in order to avoid litigation. In *Sherwood 48 Associates v. Sony Corp. of America*,¹⁵³ the Second Circuit implied that the digital alteration of trade dress in a film—removing marks from the resulting expressive work—could constitute trademark infringement, provided that the marks were part of an articulable and distinctive trade dress.¹⁵⁴

Artistically speaking, when a content creator avoids the depiction of marks, it sends the message that the image does not represent the real world, or is somehow apart from it. Fabricated brands such as “Duff” beer and “Morley” cigarettes,¹⁵⁵ and brand-free environments such as the entire

151. *See supra*, Part II.A.

152. Steven L. Snyder, Note, *Movies and Product Placement: Is Hollywood Turning Films into Commercial Speech?*, 1992 U. ILL. L. REV. 301, 326 (1992) (“If a movie is to accurately depict today’s America, it also must depict the commercialization that has seeped into every corner of our society.”).

153. 76 F. App’x 389 (2d Cir. 2003).

154. *Id.* at 391–92 (dismissing federal trade dress infringement claims on the sole ground that the plaintiffs had not sufficiently identified a distinctive trade dress in Times Square, and holding that state trademark claims should be dismissed without prejudice to re-pleading).

155. *The Simpsons* (20th Century Fox Television 1989) (“Duff” beer); *The X-Files* (20th Century Fox Television 1993) (“Morley” cigarettes).

grocery store filled with generic cans and boxes in the movie *Wanted*,¹⁵⁶ tell the viewer that the story takes place in an environment different from our own, even when they evoke the image of real brands (as the red and white Morley boxes evoked Marlboro cigarettes).¹⁵⁷ In contrast, viewers' first introduction to the character Cameron Frye in the movie *Ferris Bueller's Day Off*—a still life of over-the-counter pharmaceuticals arrayed next to his bed (Vicks VapoRub, Alka-Seltzer, Bayer, Robitussin)—tells viewers instant information about his character.¹⁵⁸ Interpreting an assortment of generic bottles would have required greater effort on the part of the viewer, and could have been misinterpreted as a message that Cameron could not afford name-brand cold remedies (a message far from the movie's truth).¹⁵⁹ And in some cases—take, for example, the use of a Polaroid camera as a memory aid in the film *Memento*—it would be virtually impossible to tell a story without showing brand names or trade dress.¹⁶⁰ Having to avoid the depiction of real-world products and services thus poses a challenge for content creators who wish to depict the real world, raising their production costs and making certain angles and scenes simply impossible.¹⁶¹ This problem is particularly debilitating for the creators of documentaries, whose non-fiction depictions become less real with every concession made to the removal of brands.¹⁶²

A second creative harm that arises when marks are removed from the public vocabulary is the loss of the communicative power of brands as cultural icons. Markholders go to great lengths to cultivate brand images that go beyond mere source identification, and these brand images have become part of our cultural vocabulary.¹⁶³ Advertising has taught us, for

156. *WANTED* (Universal Pictures 2008).

157. See Thompson Remarks, *supra* note 115 (“If we don’t have an integration with someone, that means we have to ‘Greek’ everything. So State Farm Insurance would be you know, ‘Stock Farm Insurance’ or some fictitious thing, that for me takes me completely out, or like Budweiser is ‘Fudweiser.’ And those are the Greeks that go on. And as a viewer, I’m like ‘that’s not even real.’ And it takes me out worse than an integration does.”).

158. See *FERRIS BUELLER’S DAY OFF* (Paramount Pictures 1986).

159. See *id.*

160. *MEMENTO* (Newmarket Capital Group 2000).

161. Falkenberg & McNamara, *supra* note 80, at 14 (“To get permission for every fleeting mention or appearance of a trademarked item would require production teams to expend enormous amounts of additional time and effort. But proceeding without such permission exposes TV and filmmakers to potential claims for tarnishment, dilution, unfair competition, product disparagement, and false endorsement under the Lanham Act, among others.”).

162. See AUFDERHEIDE & JASZI, *supra* note 10, at 5 (describing particular trademark challenges to documentarians as “[w]hen a trademark appears on a [subject’s] baseball cap . . . rights clearance becomes a professional and creative challenge.”). In the last several years, this concept has received attention in the copyright field, as documentary filmmakers have struggled with difficult copyright fair use decisions regarding what can and cannot be included in their works. The Center for Social Media’s *Documentary Filmmaker’s Statement of Best Practices in Fair Use* addresses these issues. *Id.* at 3.

163. See, e.g., Dreyfuss, *Expressive Genericity*, *supra* note 11, at 397–98; Gibson, *supra* note

example, that Mac people are different from PC people, and that Barbie is a paragon (albeit a controversial one) of youthful glamour. We have learned, from a combination of publicity and pricing, that products from the Louis Vuitton Moët Hennessy group are not only expensive leather goods, champagnes, and cognacs, but are also associated with wealth, luxury, and indulgence. These images have become part of our shared national language. Indeed, these brands' identities transcend national borders; Coca-Cola and McDonald's, for example, have worked around the world to cultivate images of universality, ubiquity, and youthful frivolity that go well beyond their mere source-identifying functions as purveyors of soft drinks and fast food. These brand identities not only help to drive sales for markholders, but have powerful expressive capabilities: When Britney Spears drives a pink Humvee upholstered in Louis Vuitton through the clouds in her *Do Somethin'* video, she conveys an image not only of fantasy but also of luxury;¹⁶⁴ and the Coca-Cola bottle that falls from the sky into an aboriginal village in *The Gods Must Be Crazy* serves as an engine for the film not only because it is a symbol of the world outside the village, but also because the impact of this bottle's intrusion into aboriginal life contrasts with Coca-Cola's brand images.¹⁶⁵

2. Conflicts with Trademark Policy

To the extent that concerns over trademark liability result in a constriction of the creative vocabulary of expressive works, this effect stands in direct opposition to a number of the policies underlying trademark law. In creating the current tapestry of trademark protection, Congress and the courts have taken pains to ensure that trademark law does not remove words or symbols from circulation any more than absolutely necessary to prevent consumer confusion and, on some occasions, to protect the breadth of the American vocabulary even when such protection would lead to consumer confusion.¹⁶⁶ For example, descriptive words and

5, at 933 (“Numerous commentators have observed that trademarks frequently assume a role in popular rhetoric that has little to do with the cost-lowering, source-identifying function for which the law provides protection.”); Kozinski, *supra* note 11, at 454–58 (observing the expressive capability of marks: “Some ideas—‘it’s the Rolls-Royce of its class,’ for example—are difficult to express any other way”); Litman, *supra* note 11, at 1730 (noting value in brand identity that transcends source identification); Newman, *supra* note 6, at 357–59 (discussing the cultural value of trademarks).

164. SPEARS, *supra* note 106.

165. THE GODS MUST BE CRAZY (Cat Films 1980). The film also prominently features a highly unreliable Land Rover vehicle—an unflattering portrayal of the automotive brand that contrasts with Land Rover's brand message of adventure, excitement, and the ability to handle hostile conditions—and a use that, I speculate, would not have survived if the filmmakers had needed Land Rover's permission to use the vehicle mark. *Id.*

166. See generally Goldsmith, *supra* note 11 (discussing trademark law's doctrinal support of free speech and expression).

surnames cannot be protected as trademarks unless they have developed secondary meaning as source identifiers of a particular good or service—and even then, descriptive words may still be used in a descriptive manner.¹⁶⁷ This doctrine, known as classic trademark fair use, permits the use of descriptive terms in a descriptive manner even when such use is likely to create a likelihood of confusion.¹⁶⁸ Along the same lines, the doctrine of nominative fair use permits the use of a trademark to refer to a product or service when: (1) the product or service in question is not readily identifiable without use of the trademark; (2) no more of the mark or marks is used than reasonably necessary to identify the product or service; and (3) the user does nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.¹⁶⁹ Although confusion may arise from permitted nominative uses, it is more important that people be able to make reference to marks in expressing themselves than it is for the Lanham Act to eradicate all potential confusion regarding sponsorship.¹⁷⁰ Cases that restrict the use of marks in entertainment risk running afoul of these policies.

Trademark law's prohibition on the protection of generic terms ensures that the law does not lock away the basic tools of communication, and the law's fair use provisions recognize that it may be impossible to express oneself without using marks. As discussed above, certain things—instant cameras and automobiles, for example—simply cannot be depicted easily without incidentally showing at least part of a distinctive trademark or trade dress.¹⁷¹ Yet—in conflict with the policies underlying the law—litigation may arise even from uses for which digital alteration is virtually the only alternative to showing a brand name. This was the case in

167. 15 U.S.C. § 1115(b)(4) (2006).

168. *See* KP Permanent Makeup, Inc. v. Lasting Impression I, Inc., 543 U.S. 111, 121–22 (2004) (“Some possibility of consumer confusion is compatible with fair use The common law’s tolerance of a certain degree of confusion on the part of consumers followed from the very fact that in cases like this one an originally descriptive term was selected to be used as a mark, not to mention the undesirability of allowing anyone to obtain a complete monopoly on use of a descriptive term simply by grabbing it first.”) (citation omitted).

169. *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992).

170. The nominative fair use specifically examines whether the defendant did anything *beyond* the use of the mark that would imply sponsorship or endorsement. *See id.* Thus, while mere use of the mark may be confusing, the test tolerates such potential confusion in the absence of evidence that the defendant’s actions, in conjunction with the use of the mark, implied sponsorship or endorsement. *See, e.g., Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1154–55 (9th Cir. 2002) (holding that Franklin Mint’s statements regarding the “authenticity” of its Princess Diana themed product, and statements that proceeds from sales would be donated to “Diana, Princess of Wales’ Charities” did not imply sponsorship or endorsement for purposes of nominative fair use).

171. *See, e.g., Gary Thompson Remarks, supra* note 115 (responding to those who criticized his acceptance of product placement for the car KITT in the 2008 *Knight Rider* by explaining: “It’s a show about a car. I need a car. . . . the Camaro went to *Transformers* (the movie) and they’re not going to let us have it, what car do you want me to use? I mean, it’s a show about a talking car.”).

Emerson Electronics Co. v. NBC Universal Television Studios Inc.,¹⁷² in which the maker of the “InSinkErator” in-sink disposal sued the producers of the television show *Heroes* regarding a scene in which a cheerleader with powers of invincibility mangles her hand in an in-sink disposal unit (with the “InSinkErator” brand name visible), only to have the hand heal itself a moment later.¹⁷³

Suits like the *Emerson Electronics* case seem to be founded on the erroneous premise that a trademark conveys a property right subject to trespass, and that such trespass occurs when someone other than the markholder displays the mark without the consent of the markholder. This, in essence, would create a secondary market in the display of a mark divorced from its underlying product or service—a market that does not and cannot exist. Such a secondary market defeats the basic premise that trademarks exist to identify the source of goods and services, and do not convey rights in gross.¹⁷⁴ Trademark law reflects this tenet in several areas, including the rule that a mark is abandoned if it is assigned “in gross,” that is, without the right to produce or provide the good or service underlying the mark.¹⁷⁵

While trademarks may be valuable assets, they do not provide real-property-type exclusive rights in the style of copyright and patent, for good reason. Because trademarks exist primarily to convey information about products and services, many unauthorized uses do not detract from the purpose of trademark.¹⁷⁶ Consumers receive information about products and services from myriad sources, many of which are not controlled by markholders—word of mouth, news, entertainment—and each of those sources contributes to the richness of brand identity. Personal experience watching a friend’s children enjoy Cheerios cereal contributes to its brand identity, as do news reports about the cereal’s health benefits, as does a movie scene in which characters chow down on Cheerios as part of a

172. *Emerson Elec. Co. v. NBC Universal Television Studios, Inc.*, No. 06 Civ. 01454 (E.D. Mo. 2006). The case settled in February, 2007, after four months of litigation. NBC ultimately agreed to remove the “InSinkErator” brand from future airings of the program. Falkenberg & McNamara, *supra* note 80. A less wealthy producer would not necessarily have had the resources required to meet such demands.

173. *Heroes* (NBC Universal Television 2006); Falkenberg & McNamara, *supra* note 80, at 1.

174. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918) (stating a trademark is not a “right in gross” and “[t]he owner of a trade-mark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly”).

175. See 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARK AND UNFAIR COMPETITION, § 18:2–:3 (4th ed. 2006).

176. Jessica Litman makes a similar point in *Breakfast with Batman*: to the extent that brand identity transcends source identification, that brand identity is not the exclusive property of the markholder. “While there is nothing wrong with encouraging [a markholder] to sell the public on atmospherics and to devise clever ways to exploit those atmospherics commercially, neither incentive theory nor moral desert offers a reason to protect them from competition.” Litman, *supra* note 11, at 1734–35.

suburban breakfast. General Mills (the owner of the Cheerios mark) may control none of these uses that nonetheless strengthen, rather than weaken, the Cheerios mark. If these obvious and universal uses were prohibited by trademark law (or were only permitted with permission of General Mills), they likely would not occur: families would refrain from eating cereal in public, news reports would be cut, and—as discussed above—branded props would disappear. Moreover, if General Mills had a display right in its mark, it would have to enforce that right in order to maintain its mark. This is true not only because the current system prevents “naked licensing” (that is, permitting others to use one’s mark without exercising control over the goods and services associated with the mark),¹⁷⁷ but also because of the recursive problem identified above—if consumers know that a markholder has the ability to control every imaginable use of its mark, consumers will believe that all such uses are controlled, and will be confused by unauthorized uses.¹⁷⁸ Thus, a system that creates a “display right” in marks prevents rich brand identities from forming. And depriving marks of the opportunity to grow such meaning reduces their value to consumers as source identifiers, thereby subverting the purpose of trademark law.¹⁷⁹

And yet even if the law permitted a display right in trademarks, it would still result in a Catch-22 for content creators. In cases in which it is impossible to depict something without depicting marks—such as the *Emerson* case, or a depiction of Times Square (which necessarily depicts the many advertisements that festoon its buildings)—content creators may face suits for trademark infringement if they elect to remove the marks digitally. In *Sherwood 48 Associates v. Sony Corp. of America*,¹⁸⁰ the owners of Times Square billboards sued the creators of the film *Spider-Man* for trade dress infringement when the film contained digitally replaced images of the billboards.¹⁸¹ The Second Circuit dismissed the federal trade dress claim—but only on the basis that the plaintiff had not adequately described a distinctive trade dress in Times Square.¹⁸² The court held open the possibility of both federal and state trademark claims for

177. “Naked licensing” doctrine has the potential to create a sort of Catch-22 for markholders as well as content creators. To the extent that the law did require permission for every use of a mark in an expressive content, it could create an impossible policing burden for markholders. The irony of achieving ultimate protection would be that markholders could be perceived as abandoning their marks if they did not seek to stop all unauthorized uses—an unlikely outcome, but nonetheless an immense burden that most markholders would likely find intolerable. See 3 MCCARTHY, *supra* note 175, § 18:48.

178. See *supra* Part II.C.

179. Gulasekaram, *supra* note 6, at 908–10.

180. 76 F. App’x 389 (2d Cir. 2003).

181. *Id.* at 390.

182. *Id.* at 391.

digital alteration of distinctive trade dress.¹⁸³ In addition, a content creator who attempts to avoid liability by using a faux mark that may call to mind a genuine mark but is distinct from it—a practice well-accepted in the field of “house brands”—may face liability as well. In *E.S.S. Entertainment 2000, Inc. v. Rock Star Videos, Inc.*,¹⁸⁴ the court held that the creators of the video game *Grand Theft Auto: San Andreas* were precluded from relying on the defense of nominative fair use when the owners of the “Play Pen” strip club objected to the game’s use of the name “Pig Pen” to identify an in-game strip club.¹⁸⁵ The combination of *Emerson* with the *Sherwood 48* and *E.S.S.* cases puts content creators in an untenable position—they must either license marks (which may not be possible in light of creators’ limited resources or creative restrictions that markholders may place on licensed uses) or avoid marks entirely (which not only sacrifices verisimilitude but may make some creative expressions impossible). Should the broadcaster of a sports game be required to clear all of the visible marks on clothes worn by the crowd? Absurd—yet under these cases, a possible outcome.

3. The Chill of Increased Transaction Costs and Markholder Control

It is true that some content creators who wish to express verisimilitude, location, or characterization through the use of marks are free to license the use of those marks. If one markholder refuses to provide a license, other comparable marks may be available for licensing. Yet, the problems created by the lack of clarity in the law are not prone to self-repair through market forces. The current legal climate of risk aversion, insurance restrictions, and widespread consumer assumptions about product placement does not strike a balance between speech and mark protection. Instead, every use of a mark in entertainment must be either placed or licensed.

These constraints, even if taken to the extreme, do not eliminate the ability of content creators to communicate using marks, but they do provide markholders with nearly unlimited control over the use of marks in entertainment. This does not necessarily benefit consumers. As Wendy Gordon has noted, it does not benefit society to require permission for the use of marks unless we assume that the markholder’s interests are aligned with society’s.¹⁸⁶ These interests may be aligned in the case of neutral and

183. *Id.* at 391–92.

184. 547 F.3d 1095 (9th Cir. 2008).

185. *Id.* at 1098–99. Ultimately, the court found no infringement, on other grounds. *Id.* at 1099–1101.

186. Wendy J. Gordon, *Excuse and Justification in the Law of Fair Use: Commodification and Market Perspectives*, in *THE COMMODIFICATION OF INFORMATION* 149 (Niva Elkin-Koren & Neil Weinstock Netanel eds., 2002); see also Rothman, *supra* note 123, at 1949 (“Trademark

positive depictions of marks; it is almost certainly not true in the case of negative depictions of marks, for which markholders stand like foxes guarding the henhouse of free expression. Moreover, regardless of the actual likelihood of litigation, fear of litigation and ambiguity in the law have forced content creators to become more and more constrained in all of their depictions of marks (positive, neutral, and negative), even when they may believe that such uses are unlikely to be infringing or dilutive. By definition, this stifles expression well beyond the trade-off necessary to prevent consumer confusion. The scuttled production of the film *Moneyball* is but one example among many.¹⁸⁷ Even beyond speech ramifications, this process—receiving clearance for some marks, and working around or blurring others—inherently increases the transaction costs involved in making a creative product. As this increased cost discourages content creators who are unwilling or unable to incur the additional (financial and artistic) costs imposed by trademark restriction, the restrictions ultimately (and ironically) harm content consumers—those whom the trademark laws were originally designed to benefit.¹⁸⁸

When markholders hold the reins of trademark use in entertainment, they gain control over content by maintaining control over the context in which their marks appear. Few, if any, markholders are willing to license (or place) their marks for use in a creative setting without some ability to approve or disapprove of such uses.¹⁸⁹ When marks are placed or licensed, markholders maintain (and are likely to exercise) the ability to eliminate negative depictions of their products and services.¹⁹⁰ The clearance process

protection . . . must consider the protection of businesses' goodwill and the prevention of consumer confusion, as well as the need for both consumers and competitors to refer to others' trademarks. . . . How exactly one would divide up these rights is a matter of much debate, but most people would agree that an optimal allocation of IP rights requires consideration of these sometimes competing interests.”)

187. See Cieply, *supra* note 131.

188. Gibson, *supra* note 5, at 932–34 (“When filmmakers, writers, and other artists avoid using some of our most meaningful cultural referents for fear of being sued, culture suffers.”).

189. Attorneys are counseling their clients to treat product placements and cleared uses just as regular commercials and to exercise maximum content control over those uses. See, e.g., James H. Johnson, *Weathering the Perfect Storm: Product Placement and Intellectual Property*, 20 LEGAL BACKGROUNDER 56, Nov. 18, 2005, at 3; Glen M. Zatz, *Lease, Camera, Action!*, 36 MICH. REAL PROP. REV. 26, 28 (Spring 2009) (“[U]nless you can be comfortable as to the theme of the movie and as to how your company name will be portrayed, you risk damage to your image.”). Indeed, one might even argue that failure to do so would constitute “naked licensing,” a form of mark abandonment that occurs when a markholder licenses its mark for use without exercising some degree of oversight or quality control over the product or service to be associated with the mark. See, e.g., *Barcamerica Int’l USA Trust v. Tyfield Imps., Inc.*, 289 F.3d 589, 596–97 (9th Cir. 2002) (finding naked licensing resulted in abandonment of the licensor’s mark when the licensor failed to exercise quality control over the licensee).

190. Creative control is a factor for both paid placements and unpaid authorized uses. See I Jay Kenoff & Richard K. Rosenberg, ENTERTAINMENT INDUSTRY CONTRACTS 18–37 (Donald C. Farber ed., 2002) (noting approval rights are negotiated among parties; suppliers seek approval over

thus places important storytelling tools off-limits. If all uses of marks require markholder approval, what does the villain drive?¹⁹¹ Would the TV show *24* be barred from its frequent practice of distinguishing “good guys” from “bad guys” by making the good guys use Mac computers and the bad guys use PCs?¹⁹²

Under the current system, content creators not only lose control over their productions, but also must pay more to create them. The transaction costs involved with obtaining permission to use marks mean that the chilling effects of the current system are felt disproportionately by small and independent content creators, who may lack not only the resources to license marks, but also the market penetration to secure product placement benefits. A stunning irony results: risk-averse content creators will avoid using marks in positive or neutral contexts, but may feel more comfortable

the manner in which their products are depicted, and “[t]he larger the fee paid by the supplier, the more important it will be for the supplier to have some form of approval over the use of the product”); Falkenberg & McNamara, *supra* note 80, at 14 (discussing unpaid authorized uses and stating, “Where products are featured in a flattering or neutral manner, owners of the products typically approve of the use. Manufacturers will sign a release approving of the use so long as the product is not shown in a disparaging manner”); Johnson, *supra* note 189, at 3 (“The custodians of a brand are not just responsible for protecting the brand from infringement, but the image of the brand as well. Therefore, brand owners should make sure that they understand the context in which their brands or other intellectual property are going to appear. The intellectual property owner should retain the right to review and approve the final version of the use of the intellectual property as well as the use in advertising. He or she should treat the product placement as he would a more traditional advertisement by establishing internal procedures and policies to make sure that no consent or placement occurs that would damage the image of the brand.”); Lewis, *supra* note 80, at 10 (“The more the industry shifts from free product placement to payment for branded integration, the greater the pressure for producers to defer their creative control in favor of advertiser demands.”); Lipka, *supra* note 98, at A21 (stating universities restrict depictions of fictional alumni: “no diplomas or sweatshirts unless a character will do his alma mater proud”); Shagin & Savare, *supra* note 7, at 35 (noting that in determining whether to place products, product placement agencies consider, among other things, the degree to which content creators are amenable to creative changes); *see also* Presentation by Tom Meyer, President of Davey- Brown Entertainment [a product placement agency], at the Paley Center for Media, October 8, 2009 (“You get your brand manager talking directly to a creative [e.g., a writer], and . . . even if they get along in the first meeting, by the time you get to being done, there’s probably been a knock-down drag ‘em out . . .”). When products are placed, markholders have, on occasion, required rewrites or re-shoots to improve the visibility of their products. Robert Adler, *Here’s Smoking at You, Kid: Has Tobacco Placement in the Movies Really Stopped?*, 60 MONT. L. REV. 243, 247 (1999). A content creator’s unwillingness to make such creative concessions may result in contract litigation. *See* Reebok Int’l, Ltd. v. Tristar Pictures, Inc., Civ. No. 96-8982 SVW (C.D. Cal. filed Dec. 23, 1996) (concerning the removal of a scene featuring Reebok shoes from the film *Jerry Maguire*).

191. *See* Thompson Remarks, *supra* note 115 (“Because Ford sponsors the car, other automotive places will not allow us to use their vehicles in chases or bad guys or anything like that; so it sort of becomes problematic because then Ford also doesn’t want bad guys driving their product either.”).

192. *24* (Imagine Entertainment 2001); Bryan Chaffin, *Mac Sightings: Fox’s ‘24’ Sports Massive Mac Presence*, MAC OBSERVER, Nov. 7, 2001, <http://www.macobserver.com/article/2001/11/07.5.shtml>.

using harmful depictions without authorization, as long as these depictions (however destructive they may be) are not likely to be “confusing” to consumers.

These harms are also not prone to self-reversal through altered behavior. The expansion of trademark rights may be exacerbated by the tendency of content creators to license and/or blur marks even when it is unnecessary to do so. However, for several reasons, the cessation of such behavior is unlikely to result in a system in which trademark law accurately tracks harm. First, there is little to encourage content creators to refrain from seeking permission to use marks, especially when insurance carriers frequently insist upon such permissions. Second, there is little to encourage markholders to permit the unlicensed use of marks, because even markholders are likely to prefer having control over content, even if the alternative is a positive uncontrolled depiction. Third, to the extent that content creators do elect to use unauthorized marks, they are likely to do so in the safest possible circumstances from a litigation standpoint, such as when the mark is presented unobtrusively, neutrally, or positively. Because these benign uses are less likely to result in litigation, they are less likely to result in a clarification of the rules for other content creators. At the same time, however, to the extent the uses are neutral or positive, there is a chance they may reinforce consumers’ assumptions that every use of a mark is a product placement.

In addition to stifling speech, a climate that denies content creators the option of using marks without authorization may also under-serve markholders to some degree, since content creators may elect to forego using a mark rather than licensing it or providing an opportunity for placement. Because the law is unclear,¹⁹³ content creators are faced with the identical binary decision for each desired mark. If the law were clear that some uses needed to be licensed and others didn’t, content creators with limited resources would be able to use the marks that did not require authorization. This would leave them with more resources to devote to licensing or negotiating for placement of those marks whose uses would be infringing if used without authorization.

III. CRAFTING A SYSTEM

To address the harms discussed in section II, an ideal system for regulating trademark use in entertainment would maximize trademark value without sacrificing an ounce of free expression. But no system can demand absolute perfection. A certain degree of restriction on speech is to be expected with any intellectual property law. Chilled expression is a trade-off we make in exchange for the benefits of copyright, patent, and trademark protection. Ideally, however, intellectual property laws are

193. *See infra* Part III.A.2.

formulated and implemented in a way that balances as large an intellectual property benefit as possible against as small a speech-chilling effect as possible.

The current system is far from ideal. It chills speech through a symbiotic relationship between content creators' risk aversion and the expansion of trademark rights. This is fueled by the law's dependence on consumers' increasing awareness of product placement and marketing practice, and exacerbated by legal ambiguity. Thus, the law (in cooperation with content creators' own actions and consumers' growing knowledge), has served to prevent unauthorized trademark uses far beyond the level that would be required to prevent trademark harm. This clearly disserves content creators, whose hands are tied creatively. Beyond that, however, it also fails at the goal of maximizing trademark value: risk-averse content creators deny markholders the brand exposure of potentially-beneficial unauthorized uses, and markholders still face the possibility that unauthorized uses that do not confuse consumers may still be permitted to tarnish marks with impunity.

Ideally, a trademark system would avoid these ills. It would prevent trademark harm without precluding or discouraging potentially beneficial uses; it would be clear enough to minimize risk aversion; it would take into account consumers' awareness of product placement and mark licensing to the extent they were relevant to trademark harm, without allowing that awareness to dictate the scope of the law; and it would be mindful of free speech concerns. But why does the current system—which was built with many of these concerns in mind—fall so short of achieving these goals?

A. *Why Doesn't the Current System Work?*

1. Missing the Target

At its core, trademark law exists not to prevent consumer confusion in and of itself, but to prevent the harm that results from that confusion. This includes harm to consumers through passing off and the loss of brand reliability as well as harm to markholders through loss of goodwill, brand identity, and ultimately, sales. For the most part, consumer confusion is an adequate proxy for these harms because these harms stem from consumer confusion. But consumer confusion may not map perfectly to consumer or markholder harm. The mere fact that confusion is likely to occur in a given circumstance does not necessarily mean that such confusion is inherently harmful to consumers or markholders. In fact, the same factors that have led to an increase in product placement (and with it, an increase in the potential for consumer confusion) also mean that some types of unauthorized uses are likely to benefit markholders rather than harm them.

Thus, in analyzing the degree to which current trademark law succeeds at minimizing trademark harm, we should ask two questions: (1) Is the

current likelihood of confusion formulation effective at identifying circumstances under which consumers are most likely to be confused; and (2) are the current formulations of likelihood of confusion and dilution laws effective at identifying circumstances in which consumers and markholders are most likely to be harmed?

In response to the first question, in theory, any time a mark is used without authorization, consumers could conceivably be confused into believing that the markholder sponsored and/or approved of the underlying work, or that there is an affiliation between the mark and the content creator. In most cases, the likelihood of such confusion is slight. The likelihood of confusion grows, however, through a vicious cycle. As consumers become increasingly aware of the prevalence of product placement, content creators become increasingly hesitant to show unauthorized marks without blurring or otherwise obscuring them, and consumers correspondingly begin to assume that all mark appearances are the result of product placement.

In practice, the degree of likelihood of confusion stemming from any unauthorized use may depend on the specific use. For the most part, recent cases dealing with unauthorized mark uses have concerned negative depictions of marks. These cases have held that such depictions are unlikely to be confusing because consumers are less likely to believe that the appearance of a mark is sponsored or approved by a markholder if the mark is depicted in such a way that the markholder would not approve.¹⁹⁴ Outside the courtroom, however, even negative depictions may give rise to confusion, particularly as marketing strategies broaden in a world of advertising saturation. In recent years, markholders have increasingly adopted the philosophy that any attention is good attention, and have publicized their brands in ways that some might consider “tarnishing.”¹⁹⁵ Examples include New York City’s licensing of its subway logos for use on condoms, and dual-licensed “rivalry figurines” that show one school’s mascot being humiliated by another.¹⁹⁶ Absolut Vodka has also placed its mark in expressive works that some might find objectionable, such as the product’s appearance as the sole item protecting a male model’s modesty

194. *See* *Films of Distinction, Inc. v. Allegro Film Prods., Inc.*, 12 F. Supp. 2d 1068, 1077 (C.D. Cal. 1998) (“Where the use of the mark is in an unflattering context or a setting which would be disadvantageous to the mark’s holder, it would seem customer confusion as to endorsement or affiliation is particularly unlikely.” (quoting *Nat’l Fed’n of the Blind, Inc. v. Loompanics Enters., Inc.*, 936 F. Supp. 1232, 1242 (D. Md. 1996))); *Girl Scouts of the United States v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228, 1231 (S.D.N.Y. 1969) (“[R]ational analysis of the situation does not indicate a likelihood that the public will believe that the Girl Scouts are the authors of the poster to which they understandably take such violent exception.”).

195. *See, e.g.*, Rebecca Tushnet, *Why the Customer Isn’t Always Right: Producer-Based Limits on Rights Accretion in Trademark*, 116 *YALE L.J. POCKET PART* 352, 352 (2007), <http://yalelawjournal.org/2007/04/25/tushnet.html>.

196. *See id.* (discussing condom and rivalry-mascot licensing).

on the show *Sex and the City*.¹⁹⁷ If consumers are aware of the growing prevalence of such controversial advertisements and placements—and even if they are not—consumers may assume that the markholder was willing to sponsor or approve of a use that demeans the mark. This, in turn, could harm consumers’ attitudes toward the brand or the markholder. In addition, even if consumers are not confused, unauthorized negative uses could lead to tarnishment, if consumers adopt a negative association with a mark by virtue of its depiction.¹⁹⁸ As discussed below, however, dilution law is unlikely to put a stop to such tarnishment.¹⁹⁹

Fewer cases have addressed the question of how the traditional likelihood of confusion test treats unauthorized positive or neutral depictions of marks. This is understandable; markholders are less likely to object to positive and neutral depictions with the fervor required to justify litigation, and thus disputes over such uses are less likely to become public. When litigation has arisen, it has provided little aid in solidifying the current doctrine’s approach to likelihood of confusion. Although at least one court has expressed skepticism in dicta regarding the likelihood of confusion that could arise from a simple positive or neutral unauthorized use,²⁰⁰ courts have not ratified that view in binding precedent. The *Gottlieb* case, regarding the use of a pinball machine in the background of the film *What Women Want*,²⁰¹ was decided on a motion to dismiss for failure to allege facts supporting a claim of confusion.²⁰² And Bell Helicopter’s suit against Electronic Arts regarding its (at worst, neutral, but generally positive) depiction of Huey helicopters in the game *Battlefield Vietnam* settled out of court before reaching the dispositive motion stage.²⁰³ In the absence of court guidance, markholders have pressed content creators to avoid even neutral or favorable unauthorized uses, and risk-averse content creators, fueled in part by insurance concerns, have become wary of using

197. *Sex and the City* (Home Box Office July 27, 2003).

198. In essence, this was the holding in *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, in which the creators of the pornographic film *Debbie Does Dallas* costumed their characters in uniforms that were confusingly similar to those worn by the Dallas Cowboys Cheerleaders. 604 F.2d 200, 202–03 (2d Cir. 1979). The Second Circuit granted preliminary injunction because viewers were likely to believe that the Dallas Cowboys had sponsored or approved the film; however, the court’s reasoning rang in the language of tarnishment: “[I]t is hard to believe that anyone who had seen defendants’ sexually depraved film could ever thereafter disassociate it from plaintiff’s cheerleaders.” *Id.* at 205.

199. See *infra* notes 200–15 and accompanying text.

200. *Gottlieb Dev. LLC v. Paramount Pictures Corp.*, 590 F. Supp. 2d 625, 634–36 (S.D.N.Y. 2008) (expressing, in dicta, skepticism that the unauthorized use of a branded car in a car chase would give rise to a successful claim for likelihood of confusion (citing *Caterpillar, Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 919–20 (C.D. Ill. 2003))).

201. *WHAT WOMEN WANT* (Paramount Pictures 2000).

202. *Gottlieb*, 590 F. Supp. 2d at 636.

203. See *supra* note 58 and accompanying text.

marks without authorization even in neutral or favorable contexts.²⁰⁴

On its face, this would appear to show that the current system is ineffective at identifying circumstances in which trademark harm is most likely to occur. Courts are unlikely to find confusion when a mark is depicted negatively, even though negative depictions seem more likely to harm a mark's image and even though such confusion is increasingly likely to occur. Courts are more likely to find confusion when a mark is depicted positively; however, risk aversion pressure will prevent such uses, even though such uses may be innocuous or even beneficial to trademark value. Thus, while the current likelihood of confusion formulation may frequently "get it right" in terms of identifying consumer confusion, it may not be as good at identifying trademark harm.

But it is not that simple. Just as likelihood of confusion is not necessarily determinative of trademark harm, negativity of depiction is not either. In fact, a growing body of social science research tends to indicate that trademark benefit or harm is more likely to be tied to the degree to which the use of the mark is artistically relevant than to whether the use is positive or negative.

In general, studies show that consumers react positively to the inclusion of brands in entertainment. Brands add realism and aid in characterization and context, making stories more relatable.²⁰⁵ Consumers generally react far less favorably, however, to uses that are made without any legitimate artistic purpose. Consumers often believe that gratuitous uses are sponsored by the markholder, and even more commonly tend to retain negative associations with a mark that is used without artistic justification.²⁰⁶ Social science literature has documented this phenomenon, mostly in the context of film and television. For example, one study found that moviegoers expressed a strong dislike for brand props that "clashed with their expectations of movie scenery."²⁰⁷ Respondents associated gratuitous brand uses with "promotion intent" and found that techniques

204. See *supra* Part II.B.3.

205. See, e.g., DeLorme & Reid, *supra* note 64, at 71, 77, 79 (describing study participants' overall favorable reaction to the use of branded props: "To informants in both studies, brand props were significant because they add realism to the stylistic aspects of movie scenery." Participants' statements included the following: "they help to preserve the integrity of a movie with regard to realism and projecting yourself into that movie"; "it lends an air of reality to it . . . an air of authenticity." According to the study, "Brand props were judged to add authenticity to movies when associated with a particular setting, time period, or context." Study participants also observed a powerful ability of branded props to convey "relevant information about the character's personality, lifestyle, and role in the movie plot."); Nelson, *supra* note 75, at 80, 85–87 (reporting video game players were generally positive toward product placement and believed it added to game realism); Sung et al., *supra* note 111, at 273 ("[R]espondents tend to agree that brand appearances make the world within the film more realistic [and they] . . . have positive perceptions of product placement realism.").

206. See DeLorme & Reid, *supra* note 64, at 78.

207. DeLorme & Reid, *supra* note 64, at 78.

such as “constant repetition of a brand, brands placed in inappropriate settings (i.e., the brand ‘didn’t need to be there,’ was ‘unexpected,’ and ‘not natural’), and inappropriate camera techniques (i.e., ‘zeroed in,’ ‘closeups on the name,’ and ‘camera sort of locks on it’) . . . detracted from movie realism.”²⁰⁸ In addition, a number of studies discuss the effect of “incongruence”: when the appearance of a product is not “highly connected to the plot,” the incongruence of the brand’s appearance will prompt viewers to question the brand’s presence in the show and to assume that the brand’s presence is a sponsored or approved attempt to advertise.²⁰⁹ This “persuasion knowledge” adversely impacts viewers’ attitudes about the brand.²¹⁰ The same is true for video games.²¹¹ Thus, when a mark is

208. DeLorme & Reid, *supra* note 64, at 78.

209. See, e.g., Balasubramanian et al., *supra* note 84, at 115, 128 (discussing congruence studies); Karrh et al., *supra* note 70, at 140 (discussing studies in which placements were received more favorably when they were “congruen[t] with scenery” and “related to program content”); Cristel Antonia Russell, *Investigating the Effectiveness of Product Placements in Television Shows: The Role of Modality and Plot Connection Congruence on Brand Memory and Attitude*, 29 J. CONSUMER RES. 306, 308–09 (2002) (noting viewers are distracted by the use of a brand when “the mention of the brand in the dialogue is not justified by the story (lower plot audio) or when a visual brand becomes an obvious focus of the story when it should serve an accessory role (higher plot visual.)”); Mei-Ling Wei et al., *An Examination of the Effects of Activating Persuasion Knowledge on Consumer Response to Brands Engaging in Covert Marketing*, 21 J. PUB. POL’Y & MARKETING 34, 34 (2008) (“In general, product placements are believed to be most effective when brands meld seamlessly with the elements in which they are embedded.” (citation omitted)). Even in advertising, research shows that “commercial watching increases with entertainment content and decreases with information content.” Wilbur et al., *supra* note 79, at 3.

210. See, e.g., Elizabeth Cowley & Chris Barron, *When Product Placement Goes Wrong*, 37 J. ADVERTISING, Spring 2008, at 89–90, 96 (discussing studies linking persuasion knowledge with negative brand attitude: “Specifically, if the placement is pulled from the background where it merely creates a context from which drama or humor emerges, to the foreground where the humor is created as a vehicle to highlight the product, then prominent placements may interrupt the viewers’ ‘suspension of disbelief.’ At this point, the persuasive intent interrupts the editorial content, which may cause irritation.” Test subjects who liked the program were more likely to recognize brand placements and to report lower brand attitudes in response. Test subjects who did not recognize brand placements as such were more likely to report higher brand attitudes in response.); Alain d’Astous & Francis Chartier, *A Study of Factors Affecting Consumer Evaluations and Memory of Product Placements in Movies*, J. CURRENT ISSUES & RES. IN ADVERTISING, Fall 2000, at 31, 38 (“[T]he degree of integration of a placement within a movie scene has a positive impact on consumer liking . . . [and] well integrated placements are significantly less likely to be perceived as unacceptable[.]”); DeLorme & Reid, *supra* note 64, at 78; Wiles & Danielova, *supra* note 74, at 57–58 (reporting the results of a study supporting “pernicious effects of placement blatancy” and “suggest[ing] that the worth of film product placement could depend on the match of the product, the film, and the film’s audience”); see generally Eva Van Reijmersdal, *Brand Placement Prominence: Good for Memory! Bad for Attitudes?*, 49 J. ADVERTISING RES. 151, 151–52 (2009) (reviewing studies on prominence, congruence, and persuasion knowledge).

211. Nelson, *supra* note 75 (“[G]amers mentioned the ineffectiveness of obvious, out-of-context, or saturated use of placements as opposed to a few, unobtrusive brands. Gamers’ comments reflected similar themes noted by film-viewers (DeLorme and Reid 1999). Placements are deemed to be effective when used in subtle ways (players assume subliminal processing). However, when

used without artistic justification, consumers seeking an explanation for a mark's depiction are more likely to believe that the use is sponsored—falling back on their background knowledge that product placement is commonplace and that some content creators blur unauthorized marks to avoid creating the impression of a connection between the mark and the content—and to think poorly of the underlying brand.²¹²

In contrast, when a mark is used with artistic justification—for example, when the use of the mark fits into its context as a reflection of authenticity (i.e., verisimilitude), when the use of the mark makes a symbolic or artistic point relating to the cultural meaning of a mark or its underlying product or service, or when the mark is part of an effective parody²¹³—consumers are not only less likely to assume that the mark was included as part of product placement, but are also more likely to come away with a positive recollection of the mark, regardless of whether the depiction was positive or negative.²¹⁴

the placements are used in inappropriate ways, the players consciously reject the placements.”); *id.* at 87 (“If the advertisements were poorly placed or did not match reality—then the advertisements actually *deterred* from the game experience; however, if the advertisements were placed in scenes that matched real life, then the brands actually enhanced the game experience.” “Relevancy” was also found to be of particular importance for long-term recall of brands. Study participants objected to product placements in situations “where advertisements would be oddly placed, like in forests” or otherwise out-of-place, such as “[a] big flashing sign in *Medieval Times* . . .”).

212. DeLorme & Reid, *supra* note 64, at 78; Savare, *supra* note 7, at 358 n.174 (noting interviews reflecting widely held belief that most product placements are “gratuitous” and any verisimilitude stemming from product placement is “simply an excuse to accept money.” (internal quotations omitted)).

213. To be effective, “[a] parody must convey two simultaneous-and contradictory-messages: that it is the original, but also that it is *not* the original and is instead a parody.” *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 260 (4th Cir. 2007) (quoting *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 366 (4th Cir. 2001)).

214. *See* Russell, *supra* note 209, at 308–09; *see also* Thompson Remarks, *supra* note 115 (“We did one episode where we made fun of the product, and [the markholders] were fine with it, and actually sales went up . . . It’s just when you try and shove something down [the audience’s] throats that they get very very upset.”); *cf.* Christian Schemer, et al., *Does “Passing the Courvoisier” Always Pay Off?: Positive and Negative Evaluative Conditioning Effects of Brand Placements in Music Videos*, 25 *PSYCHOL. & MARKETING* 923, 935 (2008) (observing that placement of mark in work of negatively-perceived performer tended to have negative effect on brand attitude, among participants with a preference for the relevant type of music); Moonhee Yang & David R. Roskos-Ewoldsen, *The Effectiveness of Brand Placements in the Movies: Levels of Placements, Explicit and Implicit Memory, and Brand-Choice Behavior*, 57 *J. OF COMM.* 469, 483–84 (2007) (reporting the results of a study showing that consumers preferred products shown in movies over products not shown in movies; evidence indicated that positive effect was greater for products used by main characters over those that were involved in the plot but not used by main characters; authors suggest that “unusual and somewhat negative” depiction of product may influence viewers’ preference, but also suggest that preference may be based on whether product is used in a way consistent with “how the [product] is normally used[.]” implying that uses for verisimilitude, symbolism, parody, or other artistically relevant purposes would result in greater positive influence than artistically gratuitous uses).

These studies indicate that likelihood of confusion is tied to trademark harm—but not in the way conceived by the current likelihood of confusion framework.²¹⁵ In particular, the current likelihood of confusion framework chills artistically relevant (and thus potentially beneficial) positive uses, but is likely to permit artistically gratuitous (and thus potentially harmful) negative uses.

2. Fostering Overprotection and Underprotection Through Ambiguity

Ambiguities in the law encourage the culture of risk aversion and overlicensing that breeds overprotection. The Lanham Act defines confusion expansively to include confusion as to sponsorship, approval, or affiliation,²¹⁶ and courts have expanded that definition further: a use is defined as confusing if it permits consumers to infer “some connection” between markholder and alleged infringer,²¹⁷ or believe that the markholder “‘goes along’ with” the use of the mark.²¹⁸ More influential, however, is the traditional likelihood of confusion analysis’ reliance on consumer perception. As the First Circuit explained in *Boston Athletic Association v. Sullivan*, the difficulty in relying on a factfinder’s assessment of whether a particular product is sponsored or approved by a markholder is that it depends on the factfinder’s own belief regarding what the law requires:

Lacking such knowledge, the question of approval is pure guesswork. To ask a factfinder to determine whether the public would think that defendants’ shirts were “authorized” or “official” shirts is to ask it to resolve a confusing and, in many contexts, virtually meaningless question. Asking a factfinder to make such a determination also raises a problem

215. There is an additional type of trademark harm, beyond loss of goodwill: a markholder’s loss of control over its mark. However, the right to control one’s mark is limited to circumstances in which consumers are likely to be confused. Markholders also do not have the right to control nominative fair uses of their marks, as discussed below. *See infra* Part III.A.3.b. This is because a trademark is not a right in gross—it is only the right to the goodwill associated with the source identifying function of one’s mark. *See supra* note 35 and accompanying text. I posit, therefore, that a use that violates a markholder’s right to control its mark but does not harm the mark’s goodwill, much like a tree falling in an unoccupied forest, does not cause trademark harm.

216. Lanham Act, 15 U.S.C. § 1125(a)(1)(A) (2006).

217. *See, e.g.*, *Boston Athletic Ass’n v. Sullivan*, 867 F.2d 22, 34 (1st Cir. 1989).

218. *Mut. of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 400–01 (8th Cir. 1987) (basing decision on whether consumers were likely to believe that markholder “went along with” the use of the mark); *see also* Gibson, *supra* note 5, at 909–10 (discussing the expanding effect of imprecise vocabulary and marshaling cases’ reliance on expansive and ambiguous terms such as “endorsement,” “affiliation,” “association,” “connection,” “authorization,” “permission,” “license,” “of any kind,” “otherwise,” “in some other way,” “of some sort,” “in some way,” and “in some fashion”).

of circularity: “If consumers think that most uses of a trademark require authorization, then in fact they will require authorization because the owner can enjoin consumer confusion caused by unpermitted uses or charge for licenses. And if owners can sue to stop unauthorized uses, then only authorized uses will be seen by consumers, creating or reinforcing the perception that authorization is necessary. This is a ‘chicken and the egg’ conundrum.”²¹⁹

In the entertainment context, when consumers are increasingly likely to believe that all trademark uses must be authorized by the markholder, this “chicken and the egg conundrum” expands the risk of liability. Increased risk then leads to over-licensing, which feeds back into consumer assumptions.

The applicability of dilution law to trademark uses in expressive works is similarly ambiguous, both in its commerciality requirement and in its definition of tarnishment.²²⁰ These ambiguities not only compound the risk aversion and over-licensing discussed above, but may also (ironically) lead to underprotection of trademarks by the courts.

First, the Federal Trademark Dilution Act (FTDA) exempts from dilution liability all “noncommercial” trademark uses.²²¹ To the extent that courts have addressed whether the use of a mark in an expressive context is subject to the exemption, they have generally held that such uses are not commercial.²²² For example, the Ninth Circuit held in *Mattel, Inc. v. MCA Records, Inc.* that the band Aqua’s use of the “Barbie” mark in the song *Barbie Girl* was non-commercial (and thus not subject to dilution liability) because it did more than simply propose a commercial transaction.²²³ Few courts have addressed the question, however, and ultimately it remains subject to debate.²²⁴

Commentators are divided regarding whether trademark uses in entertainment constitute commercial speech.²²⁵ At the heart of the debate

219. *Boston Athletic*, 867 F.2d at 33, quoting 2 MCCARTHY, *supra* note 40, § 24:3, at 170.

220. See generally Smith, *supra* note 57 (discussing inconsistency in application of the Federal Trademark Dilution Act and state dilution laws when free speech defenses have been proffered).

221. 15 U.S.C. § 1125(c)(3)(C) (2006).

222. *But see* American Dairy Queen Corp. v. New Line Prods., 35 F. Supp. 2d 727 (D. Minn. 1998) (holding the film title “Dairy Queens” was commercial speech).

223. *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 906-07 (9th Cir. 2002); see also Burnett v. Twentieth Century Fox Film Corp., 491 F. Supp. 2d 962, 966, 973–74 (C.D. Cal. 2007) (holding that references to Carol Burnett in the Fox television show *Family Guy* was non-commercial and thus not subject to dilution liability).

224. For example, *Caterpillar, Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 921–22 (C.D. Ill. 2003) and *Wham-O, Inc. v. Paramount Pictures Corp.*, 286 F. Supp. 2d 1254, 1260–62 (N.D. Cal. 2003) each held that no dilution had occurred without addressing the non-commerciality question.

225. See, e.g., Gulasekaram, *supra* note 6, at 933–42; Savare, *supra* note 7, at 369–75 (arguing that product placements should be classified as commercial speech); Snyder, *supra* note 152, at 302–03, 321–27.

regarding whether product placement constitutes commercial speech is whether the standards for commerciality should be applied to the work as a whole or to the purpose behind the work's use of a particular mark.²²⁶ If the work as a whole is analyzed, any use of a mark in any expressive work would be immune from dilution liability. As entertainment and advertising merge, however, this line becomes fuzzier. Take, for example, BMW's series of short films entitled *The Hire*, which told complete episodic stories while incidentally demonstrating various aspects of BMW's vehicles and building BMW's brand identity.²²⁷ Few would argue that these films are not expressive, yet they exist for an advertising purpose. Should the use of marks in such advertisements be analyzed any differently from the use of marks in more traditional entertainment, when much of that entertainment exists only as a result of product placement, and the markholder control that accompanies it?²²⁸ To the markholder, entertainment containing product placement has as commercial a purpose as *The Hire*, and to the consumer it is just as expressive.

The sounder approach would be to analyze the expressiveness of the mark use (rather than the expressiveness of the work as a whole), so that uses that do nothing more than propose a commercial transaction are commercial, and uses that have some non-advertising expressive effect would be non-commercial. Thus, product placements without artistic relevance would qualify as commercial speech even when incorporated into the most expressive works, and artistically relevant uses would qualify as non-commercial even when authorized or placed in exchange for goods or fees. This approach would be consistent with the holding in *Mattel, Inc. v. MCA Records, Inc.*,²²⁹ and would be consistent with trademark law's focus on consumer perception as the arbiter of liability.²³⁰ Perhaps most importantly for the present inquiry, it would also ensure that artistically relevant uses would be immune from dilution liability.

Until the law is clarified, however, content creators cannot be confident

226. See Savare, *supra* note 7, at 370 (criticizing Snyder's analysis: "If we are to evaluate the constitutionality of governmental regulation of product placements in television, cable, or film, we must ask if *product placements are commercial speech*, not whether they transform creative expression into commercial speech.").

227. Press Release, BMW North America, *The Hire—The Acclaimed Film series by BMW—Will End a Four and a Half Year Internet Run* October 21st (Oct. 11, 2005), available at <http://www.bmwusa.com/Standard/Content/Uniquely/TVAndNewMedia/BMWFilmpressrelease.aspx>.

228. Put differently, on what basis should the use of Dustin Hoffman's persona in a fashion magazine editorial spread (humorously showing new clothes in a parody of the film *Tootsie*) be treated differently from the use of Vanna White's persona in an advertisement for Samsung (humorously showing Samsung products in a parody of *Wheel of Fortune*)? See Mulcahy, *supra* note 7, at 47–49 (discussing two cases with conflicting results on the question of commercial speech).

229. 296 F.3d 894, 906–07 (9th Cir. 2002).

230. See *supra* Part III.A.1.

of escaping dilution liability, and risk-averse content creators must be wary of dilution law notwithstanding what seems to some to be an explicit carve-out for their behavior. This compounds the speech-chilling effect.²³¹

Moreover, it is not enough merely to clarify the dilution law's meaning of "noncommercial." Even a sound reading of the law may permit undue trademark harm. Perversely, this harm comes in the form of underprotection, because the law immunizes one type of use that may cause trademark harm—uses that are not sponsored advertising (and therefore are not commercial speech) but also are not artistically relevant (and therefore may lead to trademark harm). Current dilution law does not prevent harm that may be caused by this very narrow band of uses.

Specifically, under the FTDA, dilution by tarnishment is defined as an "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of a famous mark."²³² On its face, this provision applies when a mark, identical or similar to the markholder's, is used to designate the source of a product or service other than the markholder's—not to deal with the situation in which a mark is being used to refer to the markholder's *own* product or service, in a context that may cast the markholder itself in a negative light.²³³ Cases decided under a prior version of the FTDA held that tarnishment would occur "when the plaintiff's trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the owner's product."²³⁴ This interpretation leaves a gap in protection that may permit potentially harmful uses, as when a product or service is depicted in a manner likely to evoke unflattering thoughts about the mark owner rather than the product.²³⁵

Disney threaded this gap in *Caterpillar, Inc. v. Walt Disney Co.*²³⁶ The case dealt with the film *George of the Jungle 2*'s depiction of a number of Caterpillar bulldozers, which the villain's henchmen use to attack the film's jungle habitat.²³⁷ Caterpillar's marks are clearly visible in at least one scene during which the narrator describes them as "deleterious dozers" and "maniacal machines."²³⁸ The court held that tarnishment had not occurred because viewers were likely to understand that the sources of destruction were those manipulating the bulldozers rather than the

231. See *supra* Part II.C.1, 3.

232. 15 U.S.C. § 1125(c)(2)(C) (2006).

233. See *id.*

234. *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994) (citations omitted).

235. This is not to imply that all such potentially harmful uses should be barred, only that they escape dilution law as currently formulated. The benefits (e.g., free speech) of such uses may outweigh their harms.

236. 287 F. Supp. 2d 913 (C.D. Ill. 2003).

237. *GEORGE OF THE JUNGLE 2* (Walt Disney Pictures 2003); *Caterpillar*, 287 F. Supp. 2d at 917.

238. *Id.*

bulldozers themselves.²³⁹ Yet it seems implausible that viewers would not associate the Caterpillar brand with the destruction, even if they would not attribute the destruction to Caterpillar's volition.

Similarly, Paramount prevailed in the case of *Wham-O, Inc. v. Paramount Pictures Corp.*²⁴⁰ This case concerned a seventy-second portion of the film *Dickie Roberts: Former Child Star* in which the characters misuse a "Slip 'N Slide" toy.²⁴¹ Paramount Pictures used the slide scene in promotions for the film and created an interactive online game inspired by the scene.²⁴² Wham-O argued that the film's depiction tarnished the Slip 'N Slide mark.²⁴³ The court disagreed, holding that the depiction was not tarnishing because the injury arose from an explicit *misuse* of the product.²⁴⁴ Although the film may make the product seem "odd" or "absurd," the court held, it would not create a negative association in consumers' minds because it was clear that the product was not used in its intended manner.²⁴⁵ The court did not consider, however, whether viewers might make any association between the Slip 'N Slide brand and the injury associated with it in the film.²⁴⁶

Reasonable minds may disagree as to whether the uses in these cases actually caused harm to Caterpillar and Wham-O. Regardless, however, the court simply did not ask whether either film would create in consumers' minds a negative association with the plaintiffs' marks. This is not because either case was wrongly decided under current law; rather, current law does not admit the possibility that trademark harm might occur under such circumstances.

To be clear, this does not counsel in favor of expanding current dilution law further into the realm of expressive speech. Doing so could create significant First Amendment problems in exchange for a relatively insignificant trademark benefit, and would only compound the problems created by risk aversion and rights expansion by giving content creators (and their insurance carriers) yet another ambiguous doctrine to be concerned about. However, an ideal system would address this potential underprotection while also resolving the overprotection fostered by the

239. *Id.* at 922.

240. 286 F. Supp. 2d 1254, 1261–65 (N.D. Cal. 2003).

241. *DICKIE ROBERTS: FORMER CHILD STAR* (Paramount Pictures 2003). The film features a former child star, played by David Spade, who feels he has missed out on youth, and hires a family to help him reclaim his childhood. The family kids introduce him to the Slip 'N Slide toy, which he proceeds to misuse (i.e., attempting to use the slide without lubricating it with water, then over-lubricating the slide with cooking oil, and slamming into a fence). *Id.*; *Wham-O*, 286 F. Supp. 2d at 1257.

242. *Id.* at 1258.

243. *Id.* at 1261.

244. *Id.*

245. *Id.*

246. *See id.*

law's ambiguity.

3. Relying on Unavailing Exceptions

A number of current doctrines create exceptions to the traditional likelihood of confusion test, with the goal of preventing the law from unduly stifling speech. In theory, these doctrines should also help slow the “rights accretion” caused by the recursive effect of product placement and risk aversion.²⁴⁷ In reality, however, these doctrines have not resolved the problem, and may exacerbate it.²⁴⁸

a. “Classic” (Descriptive) Fair Use

The statutory doctrine of “classic” fair use permits the use of descriptive marks used in a descriptive manner. Specifically, the Lanham Act provides that a use is permitted if it is “otherwise than as a mark” and is “the party’s individual name in his own business, or . . . the individual name of anyone in privity with such party, or . . . a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin”²⁴⁹ This doctrine permits Naturalizer to describe its pumps as feeling “like a sneaker,” despite Easy Spirit’s “feels like a sneaker” motto and permits a permanent makeup company to describe its service as using “microcolor” despite a competitor’s “Micro Colors” brand.²⁵⁰

Thus, in theory, a film that features a fictitious television channel focused on true-crime stories should be able to describe the fictitious channel as “the crime channel”—even if such a description would create confusion between the channel in the movie and a real-life channel known as “The Crime Channel.” Yet this was not the case in *Films of Distinction, Inc. v. Allegro Film Productions, Inc.*,²⁵¹ which concerned the use of the mark “Crime Channel” in the film *Relative Fear*.²⁵² The film centers on a boy who commits a series of crimes, including murder, after watching a television channel called the “Crime Channel.”²⁵³ This case demonstrates

247. See Tushnet, *supra* note 195, at 353.

248. Indeed, the proliferation of fair-use type exceptions may be part of the problem, rather than part of the solution. As William McGeeveran has discussed, the overlapping and ill-defined boundaries of trademark fair use exceptions have made it difficult for attorneys to provide confident trademark fair use advice, and have tended to exacerbate risk aversion. See McGeeveran, *supra* note 11, at 110–11.

249. 15 U.S.C. § 1115(b)(4) (2006).

250. *United States Shoe Corp. v. Brown Group, Inc.*, 740 F. Supp. 196, 197, 199–200 (S.D.N.Y. 1990), *aff’d*, 923 F.2d 844 (2d Cir. 1990) (holding that Naturalizer’s use of the phrase “feels like a sneaker” was classic fair use); *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 114–16, 124 (2004) (concerning “microcolor”).

251. 12 F. Supp. 2d 1068 (C.D. Cal. 1998).

252. *Id.* at 1072–73.

253. *Id.* at 1073.

the limitations of the classic fair use in defending against trademark claims concerning the use of marks in entertainment. Although the film depicted the Crime Channel as fictional, the Central District of California denied defendants' motion to dismiss because the plaintiff sufficiently alleged that the film's Crime Channel was confusingly similar to, and infringed, the plaintiff's "Crime Channel" mark.²⁵⁴ The court rejected the defense of classic fair use on the ground that the film's use of "Crime Channel" was not "otherwise than as a mark"—that is, because they created a fictitious mark, the creators of *Relative Fear* could not rely on the classic fair use doctrine and could be liable for confusion-based infringement.²⁵⁵

b. Nominative Fair Use

More relevant to most situations is the common-law doctrine of "nominative fair use," which permits the use of a mark to describe the markholder's good or service when: (a) the product or service in question is not readily identifiable without use of the trademark; (b) no more of the mark or marks is used than reasonably necessary to identify the product or service; and (c) the user does nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder."²⁵⁶ This doctrine permits, for example, stores to advertise what products they sell, and magazines to write news stories about branded products.²⁵⁷ When the nominative fair use doctrine is asserted, these three prongs are applied as a replacement to the traditional likelihood of confusion theory rather than an exception to it.²⁵⁸ Thus, in theory, the doctrine of nominative fair use should immunize a great many expressive uses of trademarks.²⁵⁹ It also has the advantage of minimizing reliance on consumers' ease of confusion and awareness of product placement. In fact, more than one court has relied on the doctrine in immunizing an artistic content creator from liability for the use of distinctive trade dress.²⁶⁰ However, in practice, the existence of

254. *Id.* at 1076–77.

255. *Id.* at 1076. The court rejected the nominative fair use defense for the same reason. *Id.* at 1076–77.

256. *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992).

257. *Id.* at 307–08.

258. *See, e.g., Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 220 (3d Cir. 2005) (noting the Ninth Circuit's test established in *New Kids on the Block* "replaces the 'likelihood of confusion' test for trademark cases where nominative fair use is asserted" (citing *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (9th Cir. 2002) (emphasis omitted))).

259. Rebecca Tushnet adopts this approach, arguing that application of the nominative fair use doctrine, in conjunction with other existing trademark doctrines, should be sufficient to minimize trademark rights accretion as described by Gibson. Tushnet, *supra* note 195, at 357.

260. *See Walking Mountain*, 353 F.3d 792, 796, 808 (9th Cir. 2003) (holding the use of Mattel's distinctive Barbie trade dress in the photographic works entitled *Food Chain Barbie* was nominative fair use); *Wham-O, Inc. v. Paramount Pictures, Corp.*, 286 F. Supp. 2d 1254, 1255, 1263 (N.D. Cal. 2003) (holding that the use of a Slip-N-Slide toy and reference to the toy by name in the film *Dickie Roberts: Former Child Star* was nominative fair use).

the nominative fair use doctrine, and even the application of the doctrine to immunize certain trademark uses, does not appear to have reduced the risk aversion that limits content creators' ability to use trademarks as expressive tools.

One reason for this is ambiguity in the law. By including the third prong, i.e. that the user of the mark may do nothing to imply sponsorship or endorsement by the markholder, the doctrine could be interpreted to be vulnerable to the feedback loop of consumer confusion in the same way as the traditional likelihood of confusion test. While the prong ostensibly applies only to actions *other than the use of the mark itself*,²⁶¹ in the case of expressive uses, the context in which the mark is used may qualify as an implication of sponsorship. This interpretation is supported by the *New Kids on the Block* case, which looked to the context of the use to determine whether it implied sponsorship and held that since the newspaper polls identified the New Kids on the Block in a way that could be described as critical, the use did not imply sponsorship.²⁶² Under this interpretation, any negative use of a mark would be protected by the nominative fair use doctrine, while any positive use of a mark, and possibly any neutral use, could be found to imply sponsorship and thus infringe.²⁶³ This gap in the doctrine is not addressed by the *Wham-O, Walking Mountain, or Mattel, Inc. v. MCA Records, Inc.* cases, each of which concerned uses that (at least arguably) cast the mark and its underlying product in a negative light.²⁶⁴ Thus, the doctrine as applied leaves the fate of positive and neutral uses in flux and does nothing to diminish risk aversion concerning such uses.

More important, however, is the doctrine's burden-shifting effect. Although it is considered a replacement to the traditional likelihood of confusion doctrine rather than an exception to it, the nominative fair use analysis shifts the burden of proof from the markholder—who ordinarily

261. See, e.g., *New Kids on the Block*, 971 F.2d at 308 (articulating test as assessing defendant's activity "in conjunction with the mark"); *Walking Mountain*, 353 F.2d at 811 (assessing defendant's activity "in conjunction with use of the mark" for indicia of sponsorship or approval).

262. *New Kids on the Block*, 971 F.2d at 304, 308–09 (determining that neither newspaper announcement made an entirely positive statement about the New Kids on the Block—*USA Today* announced "New Kids on the Block are pop's hottest group. Which of the five is your fave? Or are they a turn off?" and *The Star* announced "Now which kid is the sexiest?" and "Which of the New Kids on the Block would you most like to move next door? STAR wants to know which cool New Kid is the hottest with our readers").

263. Note, however, that markholders themselves often license their marks for use in less-than-positive contexts, like the New York transit offering condoms featuring their marks, or schools licensing their marks for "rivalry mascots." Tushnet, *supra* note 195.

264. In *Wham-O*, the film *Dickie Roberts: Former Child Star* depicted the main character misusing the Slip-n-Slide and injuring himself, *Wham-O*, 286 F. Supp. 2d at 1255, 1257; in *Walking Mountain*, the *Food Chain Barbie* artistic work was critical of the ideal of vapid beauty the artist saw embodied by the Barbie doll, *Walking Mountain*, 353 F.3d at 811; in *Mattel II*, the *Barbie Girl* song depicted Barbie as flighty and promiscuous, 296 F.3d 894, 901 (9th Cir. 2002).

must prove that a likelihood of confusion exists—to the content creator, who now must prove that its use is not likely to confuse under the third prong of the test.²⁶⁵ This makes it more difficult for content creators to escape litigation at an early stage and therefore presumably tends to increase content creators' and insurance carriers' risk aversion.

c. Use as a Trademark

A number of commentators have asserted that the Lanham Act imposes a requirement that only “trademark uses” of a mark may infringe.²⁶⁶ For the most part, courts have adopted this theory only in the context of Internet keyword advertising, holding that the use of a mark as a keyword trigger for an electronic advertising algorithm does not constitute a use of the mark *as a trademark*, that is, the mark is not presented to consumers as representing the source of a product or service.²⁶⁷ Outside the Internet keyword context, however, the theory has gained little traction with courts.²⁶⁸ James Gibson advances a species of this approach as a solution to trademark rights accretion, suggesting that expressive uses of marks are not “trademark uses” because when a mark is incorporated into an expressive work, the mark is not being used to brand (i.e., sell) the expressive work.²⁶⁹ He proposes that there should be no finding of infringement unless the court finds confusion as to whether the markholder sponsored or approved the *expressive product as a whole* (rather than merely the trademark use).²⁷⁰

Superficially, “trademark use” theory would appear to resolve disputes

265. See *E.S.S. Entm't 2000, Inc. v. Rock Star Videos, Inc.*, 444 F. Supp. 2d 1012, 1029 (C.D. Cal. 2006) (noting that, as a replacement for the traditional likelihood of confusion test, the nominative fair use concept of suggesting sponsorship merges into likelihood of confusion, and shifts the burden to defendants (citation omitted)); see also McGeveran, *supra* note 11, at 90–92 (discussing burden-shifting effect and other flaws in nominative fair use test).

266. See Denicola, *supra* note 11, at 193–207; Graeme B. Dinwoodie & Mark D. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 IOWA L. REV. 1597, 1600 (2007); Dogan & Lemley, *supra* note 139, at 478.

267. See *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400, 409 (2d Cir. 2005). *But see* *800-JR Cigar, Inc. v. GoTo.com, Inc.*, 437 F. Supp. 2d 273, 285 (D.N.J. 2006) (holding that use as Internet keyword is trademark use).

268. One exception—perhaps unique in its adoption of this theory outside the Internet keyword context—is an unpublished disposition in *Capp Enterprises v. Walt Disney Co.*, No. CV 03-03357 ABC (RZx) (C.D. Cal. YEAR), concerning allegedly infringing references to “Sadie Hawkins Day” (a mark registered to Capp in connection with the comic strip “Li'l Abner”) in an episode of the television show *Lizzie McGuire*. The court dismissed Capp's complaint on multiple grounds, including that “the mark was not used in a source-identifying (i.e. trademark) fashion.” Order re Defendants Motion to Dismiss Pursuant to Fed R. Civ. P. 12(b)(6) at 7, July 21, 2003.

269. Gibson, *supra* note 5, at 949.

270. Gibson, *supra* note 5, at 949–50. The *Caterpillar* Court espoused this theory to some extent, basing its ruling in part on a holding that Disney was not trading on the popularity of the Caterpillar mark in order to sell the *George of the Jungle 2* film. *Caterpillar, Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 920 (C.D. Ill. 2003).

over uses of marks in expressive contexts because only the use of a mark *as a mark* would give rise to liability—in contrast to the use of a mark *as an expressive tool*. Deeper examination, however, reveals that Gibson’s theory will neither rescue most expressive uses of trademarks from liability nor diminish the feedback loop of trademark rights accretion. The markholders’ concern is seldom the belief that content creators are free-riding on the value of a trademark in order to sell entertainment.²⁷¹ Rather, the challenge of trademark use in entertainment is that to the extent that a consumer believes that a markholder has authorized the use of its mark, the consumer will also believe that the markholder sponsors or approves of the underlying work and/or the context in which the mark is used.²⁷² Thus, Gibson’s theory creates a false dichotomy. As Rebecca Tushnet explains, “the requirement of ‘trademark use’ has difficulty dealing with the problem that consumers may reasonably believe that Coca-Cola is a sponsor of *American Idol* because its products appear on the show. If that isn’t trademark use, what is it?”²⁷³ This challenge grows as more consumers believe that any use of a mark requires markholder approval.

Moreover, even if non-trademark-use could embrace every situation in which a mark is used in entertainment to refer to the markholder’s product (rather than to refer to the work as a whole), it would not necessarily clarify liability—it would just shift the question. Rather than asking whether consumers believe that the markholder sponsored or approved of the use, it would ask whether consumers believe that the markholders sponsored or approved of the work as a whole. Consumers are unlikely to be more reliable at performing that task than at assessing sponsorship of a particular use, especially considering the degree of control that markholders often exercise when they place or approve the use of marks,²⁷⁴ and considering that markholders themselves are known to produce entire works—Hasbro is a co-producer of the *Transformers* films,²⁷⁵ Nike, Coca-Cola, and Ford

271. *But see* Parks v. LaFace Records, 329 F.3d 437, 452–58 (6th Cir. 2003) (holding that the song *Rosa Parks* used the civil rights icon’s name solely for the purpose of drawing attention to the work, rather than for an artistic purpose).

272. Lemley and McKenna propose a much more radical approach: the abolition of “sponsorship or approval” liability altogether, except to the extent that it is “materially” confusing (and thus constitutes false advertising). Lemley & McKenna, *supra* note 18. This approach is appealing in that it would eliminate much of the overprotection discussed herein, and help to curb over-litigation. It is far from a panacea, however. First, it exacerbates the likelihood of underprotection and harm from the artistically gratuitous misuse of marks in a way that may harm brand reputation or markholder image. Second, it still permits suits for dilution and false advertising, merely shifting the debate to whether confusion is “material.” This materiality prong could easily end up resting on the same recursive question of consumer perception as the consumer confusion test currently in place.

273. Tushnet, *supra* note 195, at 356.

274. *See supra* notes 190–91.

275. TRANSFORMERS (Dreamworks SKG 2007); TRANSFORMERS: REVENGE OF THE FALLEN (Dreamworks SKG 2009).

have adopted the role of program producers themselves,²⁷⁶ and BMW created *The Hire*.²⁷⁷ In other words, the question of trademark use would still be grounded in consumer understanding of sponsorship and trademark law, and share the same weaknesses as the traditional likelihood of confusion analysis.²⁷⁸

d. Regulatory Labeling Requirements

In theory, for certain media, consumers should be aware of what uses are placed, and (by extension) be able to deduce which are not. In response to the payola scandals of the 1950s,²⁷⁹ the Federal Communications Commission (FCC) instituted rules requiring network television and radio stations to disclose any paid placements in a given program and list all sponsors of the program.²⁸⁰ This regulation is quite limited in its scope: First, of course, it applies only to broadcast television and radio.²⁸¹ Second, the rule does not require disclosure if the placed products are donated, if the charge for exposure is nominal, or if the usage is for realistic effect.²⁸²

276. See Ellen P. Goodman, *Stealth Marketing and Editorial Integrity*, 85 TEXAS L. REV. 83, 96 (2006); Karrh et al., *supra* note 70 (citation omitted).

277. See *supra* note 228 and accompanying text.

278. See McGeeveran, *supra* note 11, at 79–80 (discussing weaknesses in trademark use theory).

279. Charles W. Logan, Jr., *Getting Beyond Scarcity: A New Paradigm for Assessing the Constitutionality of Broadcast Regulation*, 85 CAL. L. REV. 1687, 1696 n.47 (1997).

280. 47 C.F.R. § 73.1212 (2002) mandates:

(a) When a broadcast station transmits any matter for which money, service, or other valuable consideration is either directly or indirectly paid or promised to, or charged or accepted by such station, the station, at the time of the broadcast, shall announce:

(1) That such matter is sponsored, paid for, or furnished, either in whole or in part, and

(2) By whom or on whose behalf such consideration was supplied

....

(f) In the case of broadcast matter advertising commercial products or services, an announcement stating the sponsor's corporate or trade name, or the name of the sponsor's product, when it is clear that the mention of the name of the product constitutes a sponsorship identification, shall be deemed sufficient for the purposes of this section and only one such announcement need be made at any time during the course of the broadcast.

281. In fact, the provision excludes works originally intended for theatrical release, even when aired on broadcast television. *Id.* § 73.1212(h) (“Any announcement required by section 317(b) of the Communications Act of 1934, as amended, is waived with respect to feature motion picture film produced initially and primarily for theatre exhibition.”).

282. *Id.* § 73.1212(a)(2). The FCC expressly limits its regulatory reach:

These FCC rules were designed to alert consumers of instances when products were placed so that consumers would not fall prey to surreptitious advertising; ironically, in light of the public's growing awareness of product placement in the current media landscape, consumers may now be as likely to overestimate the proportion of products that are placed, rather than underestimating.

Theoretically, the FCC rules could combat this new assumption because consumers might assume that products and services were not placed if they were *not* identified in a show's credits. Realistically, however, this practice is unlikely to allay consumer confusion or diminish content creators' risk aversion. Most people do not take great care in watching the credits of television programs, especially given contemporary broadcasting practices such as shrinking the credits and placing them in a split screen with previews or advertisements. In addition, an ample body of case law and survey evidence holds that inconspicuous disclaimers are ineffective at allaying confusion.²⁸³

Provided, however. That 'service or other valuable consideration' shall not include any service or property furnished either without or at a nominal charge for use on, or in connection with, a broadcast unless it is so furnished in consideration for an identification of any person, product, service, trademark, or brand name beyond an identification reasonably related to the use of such service or property on the broadcast.

Id. (emphasis added). Noting the prevalence of product placement and the limitations in the FCC's rules, some consumer advocacy groups have sought stricter regulation of the practice.

For example, on March 29, 1989, the Center for Science in the Public Interest petitioned the FCC and the attorneys general in each state to require that paid product placements be disclosed in the credits of all movies. . . . [O]n May 30, 1991, several public interest groups, including the Center for the Study of Commercialism, filed a petition with the [Federal Trade Commission] (FTC) to mandate that filmmakers must disclose paid product placements before a movie is shown.

Savare, *supra* note 7, at 365. And on September 30, 2003, Commercial Alert petitioned both the FCC and the FTC for "prominent disclosures of product placement, product integration, plot placement, title placement, paid spokespersons, and virtual advertising on television." *Id.* The FTC has explicitly rejected this request, but has noted that "if, through a product placement, false or misleading objective, material claims about a product's attributes are made, the Commission can take action against the advertiser through an enforcement action pursuant to Section 5 of the FTC Act." Richard A. Kurnit, *Advertising and Promotion Liability* (ALA-ABA Course of Study, Mar. 18-19, 2009), WL SP050 ALI-ABA 383, 418.

283. See 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARK AND UNFAIR COMPETITION, § 23:51 (4th ed. 2009). In fact, even conspicuous disclaimers are often ineffective, since they depend on short words and prefixes such as "not" and "un-". In some instances, courts and studies have noted that the presence of a disclaimer aggravates rather than alleviates confusion. *Id.* For this reason, disclaimers are not a viable solution for content creators looking for a safe way to use marks without authorization. Nor would it be possible (or wise) for a legal system to base infringement on the presence or absence of disclaimers. First, as discussed, the disclaimers would be unlikely to allay confusion. Second, even if any individual disclaimer did help to alleviate confusion for any given unauthorized use, the practice of disclaiming authorization would actually tend to exacerbate

Moreover, even if consumers did pay close attention to credits, they could not fairly infer that all uncredited marks appear without authorization. Because the FCC requires notification only when promotional consideration has been provided,²⁸⁴ a wide array of placed products may go uncredited, such as those for which consideration was in-kind (e.g. the markholder provided products or services to the production at little to no cost), or for which approval was obtained without consideration. Second, the FCC's rules apply only to broadcast television.²⁸⁵ They do not (and cannot) apply to video games, music, written work, or even filmed entertainment that was created for venues other than broadcast television, such as theatrical release films or cable television productions.²⁸⁶ Thus, consumers have no consistent source of information from which they can learn to draw inferences regarding sponsorship, approval, or affiliation.

In the face of pressure from consumer advocacy groups, the FCC is currently seeking suggestions for strengthening its product placement labeling requirements.²⁸⁷ Stronger FCC requirements are not likely to diminish the overprotection and underprotection of the current trademark scheme, however, because they cannot go far enough to clarify the law for consumers or content creators. First, the FCC has limited regulatory power. While the FCC may be able to mandate labeling of product placements in programming created for broadcast television and radio (and, possibly, cable television), the FCC lacks the power to regulate product placements in other media.²⁸⁸ Thus, even the most stringent and broadly-applied

consumer confusion on a wider scale, unless everyone adopted the same practice. That is, if only *some* content creators used disclaimers, consumers could easily come to ascribe meaning to the lack of a disclaimer, believing that any content without a disclaimer was sponsored or approved by the markholders. This would, in essence, convert an occasional practice into law, requiring content creators to include disclaimers. While this may be practical for certain types of work (television, feature films) it presents potentially insurmountable problems for others (still art, popular music). And even for media such as television and feature films, for which disclaimers could be included in credits, disclaimers will not allay confusion for viewers who see only a portion of the work unless they are included contemporaneously with the showing of the mark. But requiring contemporaneous disclaimers would be an outrageous burden on freedom of expression.

284. 47 C.F.R. § 73.1212(a).

285. *Id.* § 73.1212.

286. In fact, the provision excludes works originally intended for theatrical release, even when aired on broadcast television. *Id.* § 73.1212(h) (“Any announcement required by § 317(b) of the Communications Act of 1934, as amended, is waived with respect to feature motion picture film produced initially and primarily for theatre exhibition.”).

287. Sponsorship Identification Rules and Embedded Advertising, 73 Fed. Reg. 43,194, 43,196 (July 24, 2008).

288. See *Comments of the National Cable & Telecommunications Association, In the Matter of Sponsorship Identification Rules and Embedded Advertising*, MB Docket No. 08-90, PLI Order No. 18101 (Jan.–Mar., 2009).

requirements would not be able to capture all authorized uses, and consumers would never be able to rely on credits to conclude definitively which mark uses were authorized. Second, as discussed above, disclaimers may be ineffective and many people simply will not pay attention to credits. This may not be a significant problem from a false advertising perspective—the labeling aids those who care about surreptitious advertising, and the remainder have only themselves to blame for their lack of knowledge—but whereas false advertising law punishes only false or misleading statements, trademark law may hold content creators liable for consumers’ misperceptions even when the accused infringer has made a full disclosure.

e. *Rogers v. Grimaldi*²⁸⁹

Finally, some courts have explicitly addressed First Amendment concerns by applying the test set forth by the Second Circuit in the 1989 case of *Rogers v. Grimaldi*.²⁹⁰ In that case, Ginger Rogers sued the producers of the film *Ginger and Fred*,²⁹¹ alleging that the title of the film was likely to confuse consumers into believing that she sponsored, approved of, or was affiliated with the film.²⁹² In reality, the film, which was created and directed by Federico Fellini, concerned two dancers who were nicknamed “Ginger and Fred” after the famous dancing duo.²⁹³ The court found that there was a likelihood of confusion based on traditional likelihood of confusion factors, but permitted the film to keep its potentially confusing title on the basis that the public interest in free expression outweighed the public interest in avoiding what the court viewed as a relatively small likelihood of confusion.²⁹⁴ In so doing, the court articulated the following balancing test to be applied to the titles of expressive works: a relatively small likelihood of confusion may be outweighed by the First Amendment, provided that the potentially confusing title is (1) artistically relevant to the underlying work and (2) not explicitly misleading.²⁹⁵

Although *Rogers* remains binding precedent only for the Second Circuit, some other circuits have adopted its balancing test, albeit inconsistently.²⁹⁶ Some courts have interpreted the test narrowly, holding

289. 875 F.2d 994 (2d Cir. 1989).

290. *Id.* at 999.

291. GINGER AND FRED (Bibo TV 1986).

292. *Rogers*, 875 F.2d at 997.

293. *Id.* at 996–97.

294. *Id.* at 1001–02.

295. *Id.* at 999.

296. *See supra* note 55. Circuits that have adopted the test in some contexts have not uniformly applied the rule to all First Amendment claims. *Compare* *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1403–06 (9th Cir. 1997) (relying on pre-*Rogers* cases to reject a First Amendment defense to trademark infringement regarding a book about O.J. Simpson styled after

that it may not apply to non-titular uses of marks, while others have applied it more broadly to the use of a mark in the body of an expressive work.²⁹⁷ Still others have refused to apply it at all, either ignoring it or hearkening back to the *Dallas Cowboys* case, in which the court held that a “trademark is in the nature of a property right, and as such it need not ‘yield to the exercise of First Amendment rights under circumstances where adequate alternative avenues of communication exist.’”²⁹⁸

Although the language of *Rogers* coincides with the artistic relevance criteria identified by the social science literature above, the *Rogers* test as articulated by the Second Circuit—and particularly, as interpreted by courts that have followed it—falls short of permitting uses that are artistically relevant and barring uses that are not (in fact, far from it). At its heart, the *Rogers* test is a balancing test which balances likelihood of confusion against the First Amendment interest in free expression.²⁹⁹ Thus, the Second Circuit and several other circuits that have adopted the *Rogers* balancing test have interpreted this to mean a “particularly compelling” likelihood of confusion may overcome the First Amendment interest in free expression.³⁰⁰ This modified version of the test requires completion of

The Cat in the Hat), and *Tri-Star Pictures, Inc. v. Leisure Time Prods., B.V.*, 749 F. Supp. 1243, 1252–53 (S.D.N.Y. 1990) (noting that *Rogers* does not apply to “confusingly similar titles” and holding that *Rogers* does not protect film *Return from the River Kwai* from claim by producers of *Bridge on the River Kwai*), with *Anheuser-Busch, Inc. v. Balducci Publ’ns*, 28 F.3d 769, 776 (8th Cir. 1994) (holding that First Amendment does not protect use of mark in parodic context when the use was likely to confuse and the “confusion [as opposed to the *use of the mark*] is wholly unnecessary to [the alleged infringer’s] stated purpose”) (emphasis added), and *Cardtoons, L.C. v. Major League Baseball Players Ass’n*, 95 F.3d 959, 970 (10th Cir. 1996) (suggesting the “likelihood of confusion” test “serve[s] to avoid First Amendment concerns” in the case of trademark parodies; holding First Amendment trumps any likelihood of confusion regarding parody baseball cards without applying the *Rogers* standard).

297. See *supra* note 56.

298. *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir. 1979) (internal quotations and citations omitted). The Second, Fifth, Sixth, and Ninth Circuits have adopted the *Rogers* test, see, e.g., *Parks v. LaFace Records*, 329 F.3d 437, 452 (6th Cir. 2003); *Mattel II*, 296 F.3d 894, 902 (9th Cir. 2002); *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 664–65 (5th Cir. 2000) (adopting *Rogers* standard with proviso that infringement will still be found if likelihood of confusion is “particularly compelling”); *Rogers*, 875 F.2d at 999, and the Third Circuit has expressly declined to decide whether to adopt it, see *Facenda v. N.F.L. Films, Inc.*, 542 F.3d 1007, 1018 (3d Cir. 2008) (explicitly declining to decide whether to adopt *Rogers* standard). The question remains unsettled in other circuits. See, e.g., *American Dairy Queen Corp. v. New Line Prods.*, 35 F. Supp. 2d 727, 733–35 (D. Minn. 1998) (relying on “alternative avenues” test but referring to *Rogers* in discussion).

299. *Rogers*, 875 F.2d at 999 (“We believe that in general the 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.”).

300. The Second Circuit adopted the “particularly compelling” formulation in *Twin Peaks Prods. v. Publ’ns Int’l.*, 996 F.2d 1366, 1379 (2d Cir. 1993). In *Twin Peaks*, the court remanded a case on the basis that the district court, relying on *Rogers* to find non-infringement by a book title, did not adequately consider whether there was likelihood of confusion that could nonetheless

the full multi-factor likelihood of confusion test first, then an analysis of First Amendment applicability, and only then a balancing of the two.³⁰¹ For example, in *Westchester Media v. PRL USA Holdings, Inc.*,³⁰² the Fifth Circuit held that there was a “particularly compelling” likelihood of confusion between the title “Polo” for a luxury lifestyle magazine and the Ralph Lauren “Polo” brand.³⁰³ This not only adds time and expense to any litigation, but also adds ambiguity to the test. With certain liminal exceptions, content creators are likely to know whether their use is artistically relevant or explicitly misleading, but it is much harder for them to assess—particularly in the current climate of doctrinal ambiguity and recursive rights accretion—whether their use creates a “particularly compelling” likelihood of confusion.³⁰⁴

B. *Adjusting the Parameters*

Although the *Rogers* balancing test does not, in its current form, remedy the overprotection and potential underprotection built into the current trademark system, its focus on artistic relevance does provide the germ of a solution. Specifically, the “artistically relevant” prong of the *Rogers* test echoes the findings of social science literature that artistically gratuitous (i.e., incongruous) uses correlate with consumer confusion and—importantly—correlate even more closely with trademark harm—than artistically relevant uses.³⁰⁵

I propose, therefore, that the prongs of the *Rogers* test replace the

compel a finding of infringement. *Id.* The Fifth Circuit, and more than one district court in the Ninth, have followed suit. *See, e.g., Westchester Media*, 214 F.3d at 664–68 (5th Cir. 2000); *Toho Co. v. William Morrow & Co.*, 33 F. Supp. 2d 1206, 1212 (C.D. Cal. 1998) (rejecting First Amendment defense in part based on holding that likelihood of confusion regarding “Godzilla” title was particularly compelling); *No Fear, Inc. v. Imagine Films*, 930 F. Supp. 1381, 1383–84 (C.D. Cal. 1995) (explicitly adopting *Rogers* test including balance against particularly compelling likelihood of confusion).

301. *See Twin Peaks*, 996 F.2d at 1379.

302. 214 F.3d 658 (5th Cir. 2000).

303. *Westchester Media*, 214 F.3d at 664–68.

304. Adding to the ambiguity of the as-applied *Rogers* test, some courts have interpreted the second (“not explicitly misleading”) prong as requiring a complete likelihood of confusion analysis, wherein a “particularly compelling” likelihood of confusion constitutes evidence that the use is explicitly misleading. *See, e.g., Twin Peaks*, 996 F.2d at 1379 (conflating likelihood of confusion and explicitly misleading tests); *Lemme v. Nat’l Broad. Co.*, 472 F. Supp. 2d 433, 446 (E.D.N.Y. 2007) (applying “particularly compelling” analysis of *Polaroid* factors to determine whether title was explicitly misleading); *Films of Distinction, Inc. v. Allegro Film Prods., Inc.*, 12 F. Supp. 2d 1068, 1077 (C.D. Cal. 1998) (interpreting *Twin Peaks*, in dicta, as having replaced the *Rogers* court’s “explicitly misleading” test with the “particularly compelling” analysis). This interpretation undercuts the original *Rogers* notion of a balancing test and tends to contradict the clear meaning of the word “explicit.” In contrast to these outlying cases, this paper construes “explicitly misleading” to have its ordinary meaning: a use is explicitly misleading when it makes an explicit and false statement of sponsorship or approval by the markholder.

305. *See supra* Part III.A.1.

traditional likelihood of confusion and dilution tests when marks are used in expressive works. Uses would be permitted unless they are not (1) artistically relevant to the underlying work or (2) explicitly misleading. Only those uses in expressive works that are artistically gratuitous or explicitly misleading, would be prohibited.

This proposed test will eliminate the bulk of the uses most likely to cause trademark harm, while giving considerable leeway to content creators. “Artistically relevant” is a very liberal standard, permitting uses for purposes of authenticity, verisimilitude, symbolism, parody, and expediency, for example. The Ninth Circuit made clear in its recent *E.S.S. Entertainment* case that “only the use of a trademark with *no* artistic relevance to the underlying work *whatsoever* does not merit First Amendment protection. . . . In other words, the level of relevance merely must be above zero.”³⁰⁶ This “more than zero percent relevant” test implies (and I would make explicit) a presumption that a use is artistically relevant, which may be rebutted only by evidence that a reasonable consumer would perceive no artistic purpose for use of a mark.³⁰⁷ This analysis differs not only from the traditional likelihood of confusion analysis, but also from the

306. *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1100 (9th Cir. 2008) (internal quotations omitted). This interpretation is vastly preferable to the much more restrictive interpretation given to the phrase in *Parks v. LaFace Records*, 329 F.3d 437, 450–58 (6th Cir. 2003). In *Parks*, the Sixth Circuit found that the title *Rosa Parks* was not artistically relevant to a song that contained the phrase “move to the back of the bus” on the basis that the song was not about Rosa Parks, but was rather a bragging song about the artists themselves. *Id.* at 452–53. This holding was based in part on testimony from the artists themselves that the song was not about Rosa Parks. *Id.* One of the more significant problems with the holding in *Parks* was the court’s reliance on artist testimony because trademark harm is a matter of consumer perception; the question of artistic relevance, like the question of likelihood of confusion, must be assessed from the standpoint of the reasonable consumer, not the artist. Thus, while artist testimony may (under some circumstances) be admissible evidence of artistic relevance, it cannot be dispositive and may be unduly prejudicial. Under the more recent Ninth Circuit standard that I espouse, *Parks* would be decided differently: it seems implausible that a reasonable consumer would find the title *Rosa Parks* to be zero percent relevant to a song containing the phrase “move to the back of the bus.”

307. Under this test, the *Caterpillar* case presents one of the very few instances in which a court would likely find a lack of artistic relevance. That film concerned a fantasy world, not designed to represent or replicate real life, which the court described as a “live-action cartoon.” There was no reason for verisimilitude, and no other reason for the menacing bulldozers to be branded. Nor, in fact, was branding required by expediency: nearly every shot in which Caterpillar’s brand was visible could have been done with equal effectiveness without showing a brand name, simply by showing the right side of the bulldozer rather than the left. It is thus plausible that Caterpillar could have established a lack of artistic relevance for the use of the Caterpillar mark in that case. *Caterpillar, Inc. v. Walt Disney Company*, 287 F. Supp. 2d 913, 922 (C.D. Ill. 2003). In contrast, the contemporaneous *Wham-O* case would likely remain unchanged under this proposal, as the movie had an artistically relevant purpose for showing the trade dress of the Slip-n-Slide toy—to show the main character learning to use a real world child’s toy—and the use of the toy’s name in dialog (while it may be slightly less important from an artistic standpoint) would constitute nominative fair use. *Wham-O, Inc. v. Paramount Pictures, Inc.*, 286 F. Supp. 2d 1254 (N.D. Cal. 2003).

analysis in the *Dallas Cowboys* case, which holds that the First Amendment does not protect the use of a mark when “adequate alternative avenues of communication exist.”³⁰⁸ The *Dallas Cowboys* rule would create a presumption of infringement in any case in which adequate alternative avenues of communication exist, regardless of whether the use of the mark caused confusion or trademark harm. In contrast, the test proposed herein would create a presumption of non-infringement, rebuttable only by evidence that the use of a mark was artistically irrelevant or explicitly misleading.³⁰⁹

Similarly, the limitation that misleading uses will be prohibited only if they are *explicitly* misleading means that content creators need only avoid explicit statements of sponsorship, affiliation, and approval, and need not be concerned with the degree to which consumers could infer sponsorship, affiliation, or approval from any given use. Nevertheless, this prong insures that a likelihood of confusion will be found if a work contains false representations about sponsorship, approval, or affiliation.³¹⁰ This prevents uses that, even if artistically relevant, are sure to mislead the consumer into believing that the use has been sponsored or approved by the markholder. While such uses are likely to be rare, they may occur when the expressive work states falsely that the markholder has sponsored the mark’s appearance or explicitly calls out the mark as part of promoting the work.³¹¹ Thus, even when a mark is used in an artistically relevant way, content creators will not be able to mislead consumers regarding sponsorship.

308. *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir. 1979). Commentators have rightly criticized the *Dallas Cowboys* case on the basis that its rule would create a property-type right in trademarks, subject to trespass even in the absence of trademark harm, in conflict with the tenet that a trademark is not a right in gross. *See, e.g.*, Gulasekaram, *supra* note 6, at 890–91.

309. This is not to say, however, that *Dallas Cowboys* would have come out differently under the proposed analysis. At the outset, the packaging for the film *Debbie Does Dallas* was explicitly misleading in its statement that the film featured an “Ex Dallas Cowgirl Cheerleader” (when “Dallas Cowgirl” was a known nickname for the Dallas Cowboys Cheerleading organization). Even if the packaging were not explicitly misleading, the case contained no indication that the film’s costuming use of uniforms strikingly similar to those worn by the Dallas Cowboys Cheerleaders had any artistic relevance whatsoever. *Id.* Thus, it is plausible to believe that the Dallas Cowboys could have rebutted a presumption of artistic relevance and established infringement even under the replacement test.

310. If, for example, the television show *30 Rock* had not received payment from Verizon for featuring its product, the line “can we have our money now” would have explicitly misled viewers into believing that the mark’s appearance was sponsored. *See supra* note 102.

311. For example, the promotional statements at issue in *Dallas Cowboys* were that the film *Debbie Does Dallas* starred an “Ex Dallas Cowgirl Cheerleader” and that viewers would “do more than cheer for this X Dallas Cheerleader.” As the phrase “Dallas Cowgirl” is commonly used to refer to Dallas Cowboys Cheerleaders, the promotion explicitly misled viewers into the false impression that the film featured a (current or former) Dallas Cowboys Cheerleader. *Dallas Cowboys*, 604 F.2d at 203.

The proposed replacement test would improve upon the current system in a number of ways. First, it avoids overprotection and underprotection by focusing on the uses most likely to cause trademark harm, rather than the uses most likely to cause confusion. This permits uses that might confuse but be innocuous or beneficial from the perspective of trademark value, while prohibiting uses that are not likely to confuse, but are likely to cause trademark harm, such as gratuitous negative depictions of marks.³¹² Thus, it would address both the underprotection and overprotection issues discussed above. Uses that are unlikely to cause confusion harm would be permitted, without diminishing the scope of the likelihood of confusion standard (as it applies to non-expressive uses). Along the same lines, uses that are most likely to cause tarnishment-type harm (i.e., artistically gratuitous uses) will be newly captured by the replacement test, without requiring any expansion to the scope of likelihood of confusion or dilution law. Since artistically relevant uses will be permitted, the rule will not undermine the policy behind dilution law's exception for non-commercial uses.

In addition, the replacement test would identify uses likely to cause trademark harm, without having to rely on consumers' shifting awareness of product placement and mark licensing to define the scope of protection. It would also avoid the distortive effect of relying on consumers' own understanding of the law to define the scope of protection.³¹³ These benefits would, in turn, reduce the recursive growth effect of consumer knowledge on the scope of trademark protection. Along the same lines, it would also reduce the need for some of the expression-constraining risk-averse behaviors that feed that recursive growth, such as blurring marks and creating brand-less replacement goods. In the circumstances under which conspicuous avoidance of brands is most common (for example, documentaries, demonstration shows, music video scenes of street or club life), such uses would be artistically relevant for purposes of verisimilitude, and therefore permitted. This does not mean that content creators will never wish to blur marks or avoid brands—they may want to avoid giving free publicity to a brand, for example, or they may want to convey an atmosphere of brandless-ness or unreality—but it makes these decisions choices, rather than necessities. And when content creators do choose to engage in conspicuous avoidance of branding, it will not have the effect of expanding trademark law.

The move from an ambiguous standard to a brighter-line rule also improves predictability. Much has been written about the comparative advantages and disadvantages of rules versus standards.³¹⁴ The central axis

312. See *supra* Part III.A.1.

313. See *Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22, 33 (1st Cir. 1989), quoting 2 MCCARTHY, *supra* note 40, § 24:3, at 170.

314. The literature on this topic is extensive. See, e.g., Louis Kaplow, *Rules Versus Standards*:

of this long-standing debate is the trade-off between predictability and flexibility: as defined, “rules” are bright-line prescriptions or proscriptions, while “standards” are case-by-case decision-making criteria. (Contrast, for example, a 55-mile-per-hour speed limit with one that requires drivers to maintain a “safe” speed.) Both rules and standards are subject to critique—rules are predictable and inexpensive to enforce, but their lack of flexibility may lead to inappropriate or costly outcomes. By the same token, standards are better tailored to individual outcomes, but are more costly to enforce, and are also subject to the costs associated with unpredictability and uncertainty. The likelihood of confusion system currently in place is, for the most part, a standard. Its flexibility may be a virtue when assessing individualized and fact-specific cases of passing off, when courts may be required to exercise discretion. When transposed into the context of expressive works, however, that same flexibility and unpredictability lead to risk aversion and chilled speech. A preferable system would embody the advantages of both rules and standards: it would predictably permit most uses (alleviating risk aversion), while retaining the flexibility to prohibit uses that will cause trademark harm. To this end, the replacement test I propose for evaluating trademark uses in the context of expressive works more closely resembles a rule, although it continues to embed the (mildly) subjective artistic relevance standard.³¹⁵

The proposed replacement test’s improved predictability also stems, in large part, from enhanced clarity. By asking only whether a use is artistically relevant or explicitly misleading, the test is simpler and more easily applied. It avoids the morass of the *Sleekcraft* multi-factor test, which is a poor fit for questions of sponsorship or approval (having been designed to address cases of passing off),³¹⁶ and shuns the expansive vagueness of courts that have asked directly whether a use has signaled “some connection” between markholder and alleged infringer,³¹⁷ or could lead consumers to believe that the markholder “goes along” with the use of the mark.³¹⁸ As James Gibson has discussed in detail, much of the current

An Economic Analysis, 42 DUKE L.J. 557 (1992); Russell B. Korobkin, *Behavioral Analysis and Legal Form: Rules vs. Standards Revisited*, 79 OR. L. REV. 23 (2000); Margaret Jane Radin, *Reconsidering the Rule of Law*, 69 B.U. L. REV. 781, 783–91 (1989); Carol M. Rose, *Crystals and Mud in Property Law*, 40 STAN. L. REV. 577, 592–93 (1988); Pierre Schlag, *Rules and Standards*, 33 UCLAL. REV. 379 (1985); Cass R. Sunstein, *Problems With Rules*, 83 CAL. L. REV. 953 (1995). The debate has taken hold in the copyright and patent literature, as well. *See, e.g.*, Dan L. Burk & Mark A. Lemley, *Policy Levers in Patent Law*, 89 VA. L. REV. 1575 (Nov. 2003); Michael W. Carroll, *Fixing Fair Use*, 85 N.C. L. REV. 1087 (May 2007) (copyright). In contrast, there has been relatively little discussion of rules versus standards in the trademark context. *Cf.* Dinwoodie & Janis, *supra* note 266.

315. *See* Korobkin, *supra* note 314, at 27–28 (discussing rule-standard spectrum).

316. *See* AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348–49 (9th Cir. 1979); *see supra*, Part I.

317. *See, e.g.*, *Boston Athletic*, 867 F.2d at 34.

318. *Mut. of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 400–01 (8th Cir. 1987). *See also*

problem with rights accretion can be traced in large part to ambiguity—because the *Sleekcraft* test does not map well onto expressive uses of marks and because courts use imprecise language, content creators and insurance carriers do not know what the law is, and trend toward risk aversion.³¹⁹ Increased clarity in the law would tend to reverse that trend because if the law is more predictable, content creators will feel freer to use marks in appropriate contexts.

This is not to say that the replacement test lacks ambiguity, which is a price of maintaining flexibility.³²⁰ Whether a use is “artistically relevant”—even using the extremely liberal standard for artistic relevance set by the Ninth Circuit—is a subjective question that some might hesitate to leave in the hands of the courts. The application of a presumption of artistic relevance takes much of the subjectivity out of the hands of the court, however, as does the requirement that only explicitly misleading uses will qualify as misleading. Moreover, even to the extent that some ambiguity remains, the artistic relevance test is no more ambiguous than the test currently in effect. In the First Amendment context—which most, if not all, of the cases to be addressed by the replacement test would fit into—the *Rogers* approach would force a court to answer the question of artistic relevance anyway. What the replacement test does, in addition to adding a

Gibson, *supra* note 5, at 909 (discussing the expanding effect of imprecise vocabulary and marshaling cases’ reliance on expansive and ambiguous terms such as “endorsement,” “affiliation,” “association,” “connection,” “authorization,” “permission,” “license, “of any kind,” “otherwise,” “in some other way,” “of some sort,” “in some way,” and “in some fashion”).

319. Gibson has advocated increased litigation as a tool for clarifying the law. As more courts interpret the law, he suggests, content creators will develop an understanding of which uses are permitted, and which uses are not. Gibson, *supra* note 5, at 939–42. But increased litigation is at best a slow route to improvement, and at worst an aggravating factor as courts decide cases inconsistently and open up greater ambiguities in the law. In addition, lowering barriers to litigation will only increase content creators’ fear of litigation. In the “license, don’t litigate” culture of entertainment, the prospect of litigation is stifling even when that litigation is likely to have a favorable result. In addition, a rise in litigation does not necessarily lead to a rise in court rulings. Most cases regarding the use of marks in films settle before receiving an order on the merits (but not after both parties have incurred significant expense). See Falkenberg & McNamara, *supra* note 80, at 14 (“There are, however, surprisingly few cases involving disputes over the unauthorized use of trademarked products in entertainment programming because many of them are settled out of court.”). Regardless, giving content creators the choice between licensing and litigation continues to increase transaction costs in a way that disproportionately harms small and independent content creators. It would be preferable to clarify the law in a way that does not require the threat of cash outlay by content creators.

320. William McGeeveran has discussed a number of ambiguities and perceived flaws with the *Rogers* test in his article *Rethinking Trademark Fair Use*, *supra* note 11, at 100–04. Perhaps the greatest of these, that “confusion avoidance apparently has dropped out of the standard,” is addressed by the social science research discussed above. The majority of his other critiques are resolved by applying a presumption of artistic relevance and divorcing the two-prong test from the balancing procedure described in *Rogers* and its progeny. Without doubt, however, the test I propose maintains a certain level of ambiguity. I posit, however, that that ambiguity is both unavoidable and relatively mild.

presumption of artistic relevance, is eliminate the *second layer* of ambiguity from such cases by removing the likelihood of confusion balancing analysis from the *Rogers* test.

The combination of a simpler, clearer rule and a presumption of artistic relevance will also discourage aggressive litigation, which in turn will help alleviate risk aversion. Much of the current problem is caused not by the breadth of the law *per se*, but by markholders' perception that the law is broad enough to permit widespread enforcement, and the responsiveness (to the point of anticipatory avoidance) of content creators and insurance carriers to threats of enforcement. Traditional responses to these concerns include fee-shifting and reduced penalties. James Gibson, for example, proposes shifting penalties for expressive trademark violations away from injunctive relief.³²¹ These options, however, are inadvisable here; fee shifting (whether under an "exceptional case" rule, similar to that already in place, or a more generous "loser-pays" system) takes away some of the incentive for plaintiffs to roll the dice on marginal cases, but still permits optimistic plaintiffs to believe that they will never have to pay more than their own fees. In addition, fee-shifting takes place too late, after litigation has ended and a defendant has already had to shoulder all of the expense of litigation defense (even a successful one). Thus, while it may discourage some frivolous litigation on the margins, fee shifting is unlikely to resolve the risk aversion problem.

Limiting the availability of injunctive relief is even more problematic in the trademark context because injunctions are at the core of trademark relief. Unlike other intellectual property violations, the loss of goodwill from exposure *is* the harm of trademark infringement, so the remedy for trademark infringement, with certain exceptions, is the cessation of infringement.³²² In cases of passing off, some losses may be compensable along the lines of lost profits, but such compensation is difficult to assess and is generally not available except in cases of willful infringement (when treble damages and attorney fees are available).³²³ Thus, to discourage excessive litigation in this context, the best approach is to make the prospect of profiting from borderline litigation less likely for plaintiffs. The presumption accomplishes this goal. By clarifying which uses are and are not permitted, the replacement test better allows borderline and infringing cases to be identified and frees up resources that can be used for licensing them—as opposed to using those funds for licensing clearly permissible uses or for fighting over clearly impermissible uses.

321. Gibson, *supra* note 5, at 943–44.

322. *See Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1180 (9th Cir. 1988) (noting injunction is "the remedy of choice for trademark" cases).

323. 15 U.S.C. § 1117(a) (providing for lost profits, damages, and costs, as well as treble damages and attorney fees for willful infringement); *see Banjo Buddies, Inc. v. Renosky*, 399 F.3d 168, 175–76 (3d Cir. 2005) (noting willfulness not required, but still a factor, in assessing whether damages are available).

To the extent that consumers believe that every use of a mark in an expressive work represents a sponsored or approved use, this test would abide a certain amount of consumer confusion, on the theory that such confusion is unlikely to cause trademark harm. In this way, it differs significantly from the *Rogers* balancing test on which it is based. The *Rogers* test (as most courts apply it) would evaluate artistic relevance—and then would add another layer of inquiry, asking whether there is a “particularly compelling” likelihood of confusion that might outweigh the free-expression interest in the artistically relevant use of a mark. But this additional step is both unnecessary and harmful. It is unnecessary, because while it might identify additional *confusing* uses, it will not identify additional *harmful* ones.³²⁴ It is also harmful because it injects the traditional likelihood of confusion analysis back into the mix—and with it, all of the ambiguity, risk aversion, and rights-expansion of that analysis.

The proposed replacement test may also tolerate a certain amount of trademark harm, to the extent that the “artistically relevant” standard does not map perfectly on to the social science concept of “congruence.” Specifically, uses that do not qualify as artistically relevant under the liberal standard described here (for example, the gratuitous use of a modern-day brand in a period piece) will almost certainly be incongruent; however, the liberal standard for artistic relevance may occasionally permit some incongruent uses as well (for example, focus on a branded product for the purpose of making an artistically relevant reference to the brand’s cultural meaning, when the product would otherwise serve an accessory role to the story). Although these artistically relevant incongruous uses may create some consumer confusion and trademark harm, the benefits to free expression far outweigh the likelihood of confusion in such instances. The (relatively few) incongruent uses that will be allowed under this standard are those consistent with the policy that trademark law should not be able to remove brands and their cultural meanings from the collective vocabulary. Moreover, as such uses become expressly permitted and thus more commonplace, consumer assumptions regarding product placement will gradually shift to include a concept of brand reference outside of product placement. This will allay any confusing or harmful effect that such uses might have.³²⁵ Thus, any confusion that would be permitted by this test—even if it may occasionally lead to a small degree of trademark harm—is outweighed by its benefits in free expression and doctrinal stability.

324. See *supra* Part III.A.1.

325. See, e.g., DeLorme & Reid, *supra* note 64, at 77, 79 (indicating negative consumer responses due to incongruence are generally tied to assumptions regarding promotion intent).

IV. CONCLUSION

The current trademark system, in conjunction with the “clearance culture,” chills expressive speech by overprotecting marks, while at the same time underprotecting against certain harmful uses of marks in the expressive context. Specifically, overprotection occurs as the scope of trademark protection grows recursively—the traditional likelihood of confusion test evaluates consumer confusion as to sponsorship or approval, which is more likely to happen as consumers become increasingly aware of product placement and mark licensing practices in entertainment. As a result of this expanding likelihood of confusion, risk-averse content creators are faced with a binary choice: sacrifice creative control to markholders or avoid the use of marks altogether. This has a speech-chilling effect that falls disproportionately on small and independent content creators, who cannot afford to obtain authorization and cannot guarantee the audience required for product placement. Many risk-avoidance techniques used by content creators, such as creating fake brands and blurring unauthorized marks, tend to reinforce consumers’ assumptions that all perceptible trademark uses are sponsored or approved by markholders. This, in turn, expands likelihood of confusion.

At the same time, the trademark system underprotects marks by permitting uses—such as negative depictions of marks—that are unlikely to cause consumer confusion, but still likely to harm the mark. This occurs because the traditional likelihood of confusion test will not capture non-confusing uses, and the traditional dilution test will capture neither non-commercial uses (i.e., most unauthorized entertainment uses) nor uses likely to evoke unflattering thoughts about the owner’s mark (rather than its product or service). This means that potentially harmful depictions of marks are allowed to continue, while benign (or even beneficial) uses are chilled. As a result, the system deprives content creators of the ability to use marks as expressive tools while continuing to leave markholders open to trademark harm.

The current likelihood of confusion and dilution systems underlie this doctrinal imbalance, partly because they rely on ambiguous tests and exceptions, and partly because they focus on the wrong factors for identifying trademark harm. Recent studies indicate that consumer attitudes toward the use of trademarks in entertainment depend more on whether the use is artistically relevant than on whether the depiction satisfies the likelihood of confusion test. Specifically, when the use of a mark is incongruous with the underlying work (i.e., artistically irrelevant), consumers are not only likely to believe that the use of the mark is sponsored or approved by the markholder, but are also likely to develop negative attitudes toward the mark. In contrast, when the use of a mark is artistically relevant, consumers are likely to develop a positive attitude toward the mark regardless of whether the mark is depicted in a positive or

negative manner.

Therefore, in this Article, I have proposed that when a mark is used in an expressive setting, the traditional likelihood of confusion tests should be replaced with a two-pronged test, under which an unauthorized use would be permitted unless the use is (1) not artistically relevant to the underlying work or (2) explicitly misleading. This test is based on factors identified in *Rogers v. Grimaldi*, but simplifies and clarifies that case's analysis considerably by eliminating the need for a likelihood of confusion analysis and by applying a presumption of artistic relevance. This proposed test would permit the use of marks as expressive tools, while encouraging content creators to seek permission for uses that are more likely to harm a mark's source-identifying function. In addition, this test would identify the uses most likely to cause trademark harm without relying on consumers' shifting awareness of product placement and mark licensing to define the scope of protection. This, combined with the proposed test's improved clarity and predictability, would reduce markholders' incentives to litigate and mitigate content creators' risk aversion, short-circuiting the vicious cycle of trademark rights expansion.