

# Law & Business For Artists

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## Trademark

### Lanham Act 43(a)

Trademarks are “brands” or “marks” associated with goods, services and commercial activities. The Lanham Act, 43(a), prohibits false designations or representations of goods or services.

Any person who ... uses in commerce any word, term, name, symbol, or device ... or any false designation of origin, false or misleading description of fact ... which ... is likely to cause confusion ... mistake ... or to deceive as to the affiliation, connection or association of such person with another person, or as to the origin, sponsorship or approval of his or her goods, services or commercial activities ...

### **“Passing off,” “Palming off,” “Reverse passing off”**

If an artist puts her name on someone else’s goods or services and passes them off as her own, it is a trademark violation.

If an artist removes someone’s name from goods or services and then sells the product in an unbranded state or adds false designations of origin, it’s called “reverse passing off.” Also a trademark violation.

In the following case, two rock musicians removed two artists names from the credits, and falsely designated a third artist as an author.

## *Lamothe v. Atlantic Recording Group*

United States Court Of Appeals Ninth Circuit (1988)

- [case on Google Scholar](#)
- [case on Westlaw](#)

DAVID R. THOMPSON, Circuit Judge:

The district court held that summary judgment was appropriate because Lamothe and Jones failed to establish that section 43(a) of the Lanham Act, 15 U.S.C. 1125(a), provides relief to co-authors whose names have been omitted from a record album cover and sheet music featuring the co-authored compositions. Because the court concluded that no federal cause of action existed, the court also dismissed the plaintiffs' pendent state law claims for an accounting, defamation, and misattribution of authorship.

We have jurisdiction of this appeal under 28 U.S.C. 1291, and we reverse.

### FACTS

... Lamothe, Jones and Crosby are coauthors of two songs entitled "Scene of the Crime," and "I'm Insane." These works were composed while Lamothe, Jones and Crosby were members of a band called Mac Meda. After Mac Meda disbanded, Crosby joined another musical group called RATT. While Crosby was a member of RATT, he and Juan Croucier licensed the songs at issue to Time Coast Music, which in turn sub-licensed the songs to other of the defendants in this case, including Atlantic Recording. In 1984, Atlantic released an album by the group RATT entitled "Out of the Cellar," which included the recordings of the songs "Scene of the Crime" and "I'm Insane." Because of the popularity of this album, the music and lyrics for all compositions on the album were released in sheet music form by the sub-licensee Chappell Music Co. In both versions (album and sheet music), authorship of the music and lyrics of "I'm Insane" was attributed solely to Robinson Crosby and the music and lyrics of "Scene of the Crime" were attributed to Robinson Crosby and Juan Croucier. Neither Robert Lamothe nor Ronald Jones received credit for their roles in the writing of these songs.

### III

### ANALYSIS

The principal issue on appeal is whether Lamothe and Jones have stated a claim under section 43(a) of the Lanham Act ... which provides in pertinent part:

Any person who shall affix, apply, or annex, or use in connection with any goods or services . . . a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce . . . shall be liable to a civil action by any person . . . who believes that he is or is likely to be damaged by the use of such false description or representation.

*Id.* The Lanham Act’s prohibition of false designations or representations reaches either goods or services sold in interstate commerce. *Smith v. Montoro*, (9th Cir. 1981). It has been applied to motion picture representations, *id.*, and the defendants cite no case holding that it does not similarly reach musical compositions. We also note that “[t]o recover for a violation of [section 43(a)] it is not necessary that a mark or trade-mark be registered. The dispositive question is whether the party has a reasonable interest to be protected against false advertising.” . . . Finally, we recently have made clear that in cases involving false designation, the actionable “conduct must not only be unfair but must in some discernable way be competitive.” *Halicki v. United Artists Communications, Inc.*, (9th Cir. 1987). In the present case, the plaintiffs clearly have a legitimate interest in protecting their work from being falsely designated as the creation of another. The defendants do not dispute that the plaintiffs and Crosby are competitors in the relevant market. Having determined that the plaintiffs have an interest protected by the Lanham Act, we turn our attention to whether the defendants’ conduct in this case constitutes a violation of section 43(a).

### **1. Prohibited Conduct Under Section 43(a)**

The Lanham Act applies to two different types of unfair competition in interstate commerce. The first is “palming off” or “passing off,” which involves selling a good or service of one person’s creation under the name or mark of another. *Smith v. Montoro*, (9th Cir. 1981). Section 43(a) also reaches false advertising about the goods or services of the advertiser. *U-Haul Int’l, Inc. v. Jartran, Inc.*, (9th Cir. 1982). Because we conclude that Lamothe and Jones, for purposes of surviving a motion for summary judgment, have produced evidence satisfying the elements of a “reverse passing off” claim, we need not decide whether the defendants’ actions also constitute false advertising.

## 2. *Passing Off*

The leading case in this circuit discussing the “passing off” doctrine embodied in section 43(a) is *Smith v. Montoro*, (9th Cir. 1981). In that case, an actor named Paul Smith had contracted to star in a film. Smith’s contract provided that he would receive star billing in the screen credits and any advertising associated with the distribution of the film. A licensee of the production company subsequently removed Smith’s name from the screen credits and advertising materials and substituted the name of another actor, “Bob Spencer.” Smith sued the production company and its licensee, alleging a violation of the Lanham Act. The district court dismissed the complaint because it did not allege a practice “in the nature of, or economically equivalent to, palming off . . . and/or misuse of trademarks and trade names.” We disagreed and reversed the case and remanded it to the district court to reinstate Smith’s complaint.

We began our analysis in *Smith* by defining “passing off” as the practice of selling one person’s product or service under the name or mark of another. *Id.* Passing off may be either “express” or “implied.” *Id.* Express passing off occurs when a business labels its goods or services with a mark identical to that of another enterprise, or otherwise expressly misrepresents the origin of the goods or services. *Id.* Implied passing off involves the use of a competitor’s advertising material, or a sample or photograph of the competitor’s product, to impliedly represent that the product being sold is made by the competitor. *Id.*

In *Smith*, we further explained that section 43(a) also encompasses merchandising “practices or conduct ‘economically equivalent’ to palming off.” Among those practices is “reverse passing off,” which may be either “express” or “implied.” Express reverse passing off is “accomplished . . . when the wrongdoer removes the name or trademark on another party’s product and sells that product under a name chosen by the wrongdoer.” *Id.* Implied reverse passing off is accomplished simply by removing or obliterating the name of the source and then selling the product in an unbranded state. *Id.*

We concluded in *Smith* that by deleting Smith’s name from the film and advertising materials and substituting the name “Bob Spencer,” the defendants had engaged in express reverse passing off. . .

In the present case, taking the allegations of the complaint as true, the defendants engaged in express reverse palming off, by which they deprived Lamothe and Jones of recognition and profits from the release of the two songs that were their due.

The defendants’ argument on appeal, reduced to its simplest form, is that there can be no express reverse passing off when the designation of a product’s source is partially correct. Defendants argue that the failure to attribute authorship to Lamothe and Jones is a “mere omission,” which is not actionable under

section 43(a). We disagree. We do not read the “falsity” requirement in origination cases so narrowly that a partially accurate designation of origin, which obscures the contribution of another to the final product, is a permissible form of competition...

In the present case, the defendants unilaterally decided to attribute authorship to less than all of the joint authors of the musical compositions. Had the defendants decided to attribute authorship to a fictitious person, to the group “RATT,” or to some other person, this would be a false designation of origin. It seems to us no less “false” to attribute authorship to only one of several co-authors. Cf. *Gilliam v. American Broadcasting Co.’s*, (2d Cir. 1976). The policies we identified in *Smith*, namely, ensuring that the producer of a good or service receives appropriate recognition and that the consuming public receives full information about the origin of the good, apply with equal force here. An incomplete designation of the source of the good or service is no less misleading because it is partially correct. Misbranding a product to only partially identify its source is the economic equivalent of passing off one person’s product under the name or mark of another. And the *Smith* case makes clear that in assessing section 43(a) claims, courts are to consider whether the challenged “practices or conduct [are] ‘economically equivalent’ to palming off.” *Smith*.

### 3. *Liability of Licensees*

Atlantic Recording and the other licensees or sublicensees of Crosby and Croucier argue that even if Lamothe and Jones have stated a section 43(a) claim, they cannot be held liable because they are licensees. We disagree. Some of the licensees may have been involved in affixing an incomplete designation of authorship. These licensees would be liable under section 43(a) regardless of knowledge. See 15 U.S.C. 1125(a). The express language of section 43(a) also imposes liability upon those who “with knowledge of the falsity of such designation of origin ... cause or procure the same to be transported or used in commerce.” *Id.* The licensees have cited no case holding that a licensee is exempt from the prohibitions of the Lanham Act. Whether the licensees affixed the incomplete authorship or had knowledge of the false designation of origin are matters best left to the trier of fact to resolve.

## IV

### CONCLUSION

Because we conclude that summary judgment was inappropriate, we reverse the decision of the district court and remand the case with instructions to reinstate Lamothe’s and Jones’s federal causes of action...

REVERSED AND REMANDED.

### Summary & Notes

Lamothe, Jones and Crosby had a band called Mac Meda and jointly authored two songs entitled “Scene of the Crime” and “I’m Insane.”

The Mac Meda band broke up, and Crosby joined a band called RATT. Atlantic Records released an album by RATT, which included the two songs “Scene of the Crime” and “I’m Insane.”

The songs were attributed to Crosby and Croucier (another member of RATT). The other two members of Mac Meda, Lamothe and Jones, who had jointly authored “Scene of the Crime” and “I’m Insane” received no credit.

Lamothe and Jones sued Crosby, Croucier and Atlantic under the Lanham Trademark Act, Section 43(a), which prohibits false designations and false representations likely to cause confusion about the origins of the songs.

The 9th Circuit Court of Appeals ruled in favor of Lamothe and Jones:

In the present case, the [musicians] clearly have a legitimate interest in protecting their work from being falsely designated as the creation of another.

### The *Polaroid* test

To state a claim for trademark infringement under the Lanham Act, the plaintiff must show that the defendant’s use of its mark is likely to cause an appreciable number of ordinarily prudent purchasers “confusion as to the origin, sponsorship, or approval” of the defendant’s product...

Courts look to the eight factor test first articulated in *Polaroid Corp. v. Polarad Elecs. Corp.*, (2d Cir.1961), to determine whether there is a likelihood of confusion. When applying these factors, courts try to focus “on the ultimate question of whether consumers are likely to be confused.” ...

The *Polaroid* factors are:

1. the strength of the senior mark;
2. the degree of similarity between the two marks;
3. the proximity of the products;
4. the likelihood that the prior owner will “bridge the gap”;
5. actual confusion;
6. the defendant’s good faith (or bad faith) in adopting its own mark;
7. the quality of defendant’s product; and
8. the sophistication of the buyers.

[Polaroid](#), 287 F.2d at 495.

In the following case, the Second Circuit Court of Appeals applies those eight factors to decide whether Jim Henson's character "Spa'am" from *Muppet Treasure Island* infringes on Hormel's Spam products.

***Hormel Foods Corporation v. Jim Henson Productions, Inc.***

United States Court Of Appeals Second Circuit (1996)

- [case on Google Scholar](#)
- [case on Westlaw](#)
- [When Is A Wart Hog A Canned Food Product?](#)

VAN GRAAFEILAND, Circuit Judge:

Hormel Foods Corporation appeals from a judgment of the United States District Court for the Southern District of New York (Wood, J.) denying Hormel's request for a permanent injunction against Jim Henson Productions, Inc. . . . Hormel originally contended that Henson's use of the character "Spa'am" in its upcoming movie and related merchandise would infringe and/or dilute Hormel's trademark in the luncheon meat SPAM, but now limits its argument to the merchandising use. With respect to that use, Hormel argues that the district court erred in finding no infringement and that it misinterpreted New York's anti-dilution statute, N.Y.Gen. Bus.Law 368-d (McKinney 1984). For the reasons that follow, we affirm.

**BACKGROUND**

Since 1937, Hormel has used the trademark name "SPAM" to market its luncheon meat. It is beyond dispute that SPAM is a distinctive, widely recognized mark. . . .

In February 1996, Henson plans to release the film *Muppet Treasure Island* which features Henson's widely popular cast of puppets, known collectively as the "Muppets." The film will use some of Henson's most familiar characters, including Kermit the Frog, Miss Piggy, and Fozzie Bear. A number of additional characters have been created for this production, among whom is Spa'am, the subject of this litigation. The similarity between the name "Spa'am" and Hormel's mark is not accidental. In Henson's film, Spa'am is the high priest of a tribe of wild boars that worships Miss Piggy as its Queen Sha Ka La Ka La. Although the name "Spa'am" is mentioned only once in the entire movie, Henson hopes to poke a little fun at Hormel's famous luncheon meat by associating its processed, gelatinous block with a humorously wild beast.

However, the executives at Hormel are not amused. They worry that sales of SPAM will drop off if it is linked with “evil in porcine form.” Spa’am, however, is not the boarish Beelzebub that Hormel seems to fear. The district court credited and relied upon the testimony of Anne Devereaux Jordan, an expert in children’s literature, to find that Spa’am is a positive figure in the context of the movie as a whole — even if he is not “classically handsome.” ... Indeed, Spa’am is a comic character who “seems childish rather than evil.” Although he is humorously threatening in his first appearance, he comes to befriend the Muppets and helps them escape from the film’s villain, Long John Silver. By film’s end, “Spa’am is shown sailing away with the other Muppets as good humor and camaraderie reign.”

Hormel also expresses concern that even comic association with an unclean “grotesque” boar will call into question the purity and high quality of its meat product. But the district court found no evidence that Spa’am was unhygienic. At worst, he might be described as “untidy.” *Id.* Moreover, by now Hormel should be inured to any such ridicule. Although SPAM is in fact made from pork shoulder and ham meat, and the name itself supposedly is a portmanteau word for spiced ham, countless jokes have played off the public’s unfounded suspicion that SPAM is a product of less than savory ingredients. For example, in one episode of the television cartoon *Duckman*, Duckman is shown discovering “the secret ingredient to SPAM” as he looks on at “Murray’s Incontinent Camel Farm.” In a recent newspaper column it was noted that “[I]n one little can, Spam contains the five major food groups: Snouts. Ears. Feet. Tails. Brains.” Mike Thomas, *Ready? Set? No!*, *The Orlando Sentinel*, June 25, 1995, at 30. In view of the more or less humorous takeoffs such as these, one might think Hormel would welcome the association with a genuine source of pork. Nevertheless, on July 25, 1995, Hormel filed this suit alleging both trademark infringement and dilution.

The district court found that the presence of the character named “Spa’am” in the film constituted neither infringement nor dilution, and Hormel does not contest this conclusion here. Rather, this appeal concerns Henson’s proposed use of the Spa’am likeness with and without the name “Spa’am” on movie-related merchandise ... Henson has shelved its plans to place the name “Spa’am” on its *Muppet Treasure Island* merchandise pending the outcome of this litigation. However, according to Henson’s proposals ... if it were permitted to go ahead with its plans, the merchandise would carry only the Spa’am likeness or the Spa’am likeness beside the name “Spa’am.” The name “Spa’am” would not appear alone. Moreover, any merchandise in which Spa’am appeared would clearly display the words “Muppet Treasure Island.”

Henson’s plans nevertheless concern Hormel, which has begun merchandising items featuring SPAM. These secondary products include clothing, watches,



golf balls, and toy cars — some of the same items Henson’s licensees would like to issue. In addition, Hormel markets its luncheon meat with a character it calls “SPAM-man,” essentially a giant can of SPAM with arms and legs. Hormel is worried that sales of merchandise featuring Spa’am will directly cut into the sales of secondary SPAM items. The district court found, however, that “[p]urchasers of the secondary [SPAM] products are generally consumers of the luncheon meat and associate the secondary products with the luncheon meat.”

Moreover, the Muppets are familiar to television and motion picture audiences, and they are “well-known for parodies of brand names, trademarks, television programs, fictional characters, and celebrities.” The district court found that “[c]hildren who enjoy the Muppets are familiar with the Muppet brand of humor and are unlikely to think that the Muppets are sponsored by the products and celebrities who are the subject of their jokes.” This undoubtedly led to the court’s further finding that “[c]onsumers of merchandise bearing the likeness and/or name of Spa’am will buy it because they like Spa’am, the Muppets, and/or *Muppet Treasure Island* — not because they mistakenly think it is SPAM-related merchandise.”

Hormel points out that some newspaper accounts already have confused the names “SPAM” and “Spa’am.” Hormel directed the district court’s attention to several news articles which evidenced some confusion concerning the spelling, pronunciation, and use of the two words. However, each of them antedated the initial public showing of *Muppet Treasure Island*.

## DISCUSSION

### A. Trademark Infringement

A plaintiff’s trademark is protected by federal law against infringement by use of colorable imitations of the mark which are “likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. 1114(1). The central inquiry is whether there is a “likelihood of confusion,” a “likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question,” *Mushroom Makers, Inc. v. R.G. Barry Corp.*, (2d Cir. 1978), or that there may be confusion as to plaintiff’s sponsorship or endorsement of the junior mark. See *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, (2d Cir. 1979).

In this circuit, claims for infringement usually are analyzed under the eight factor *Polaroid* test. See *Polaroid Corp. v. Polarad Electronics Corp.*, (2d Cir.), In the instant case, the district court found that each of the eight factors favored Henson as to both use of the Spa’am likeness alone and use of the Spa’am likeness in conjunction with the name “Spa’am” on its merchandise. Finding no other circumstances tending to create confusion, it concluded that there was no like-

likelihood of confusion and rejected Hormel's claim. Although we review de novo the district court's comprehensive application of the *Polaroid* factors, the district court's determinations as to each of the factors are factual in nature. These findings will be disturbed only if clearly erroneous...

### *Strength of the Mark*

There is little doubt that SPAM is a distinctive, widely recognized trademark.... In the usual trademark case, such an undeniably strong mark would be a factor favoring the trademark plaintiff. The more deeply a plaintiff's mark is embedded in the consumer's mind, the more likely it is that the defendant's mark will conjure up the image of the plaintiff's product instead of that of the junior user.

However, this does not always lead to confusion. As then District Judge Leval explained in *Yankee Publishing Inc. v. News America Publishing Inc.*, (S.D.N.Y.1992), "[w]here the plaintiff's mark is being used as part of a jest or commentary... [and] both plaintiff[s] and defendant's marks are strong, well recognized, and clearly associated in the consumers' mind with a particular distinct ethic ... confusion is avoided..." Indeed, a parody depends on a lack of confusion to make its point. "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." *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*, (2d Cir. 1989) (emphasis in original).

Henson's use of the name "Spa'am" is simply another in a long line of Muppet lampoons. Moreover, this Muppet brand of humor is widely recognized and enjoyed. Thus, consumers of Henson's merchandise, all of which will display the words "Muppet Treasure Island," are likely to see the name "Spa'am" as the joke it was intended to be ... Henson's parody is not particularly subtle.

We find, therefore, that the clarity of Henson's parodic intent, the widespread familiarity with Henson's Muppet parodies, and the strength of Hormel's mark, all weigh strongly against the likelihood of confusion as to source or sponsorship between Hormel's mark and the name "Spa'am." Moreover, this reasoning applies to both use of the Spa'am character likeness alone and use of the likeness and name together on Henson's movie merchandise.

### *Degree of Similarity Between the Marks*

...[C]ombined use of the name and likeness does not present a strong case of similarity. Viewed alone, of course, the names "Spa'am" and "SPAM" bear more than a passing resemblance. Indeed, Henson's parody depends on the correspondence between the two. However, there are also some significant dif-

ferences. “Spa’am” is divided in two by an apostrophe and it contains two “a”s instead of one. In addition, Spa’am is pronounced as two distinct syllables, SPAM only one.

Moreover, “an inquiry into the degree of similarity between two marks does not end with a comparison of the marks themselves. . . . ‘the setting in which a designation is used affects its appearance and colors the impression conveyed by it.’” *Spring Mills, Inc. v. Ultracashmere House, Ltd.*, (2d Cir. 1982)

In this connection, placement of the marks next to other identifying but dissimilar symbols is clearly relevant. Here, Henson plans to always use the name “Spa’am” next to a likeness of the wild boar puppet. In addition, the words “Muppet Treasure Island” always will be prominently displayed wherever the name “Spa’am” appears. Thus, the two marks appear in strikingly different contexts and project wholly different visual displays. Moreover, the prominence of Henson’s mark, widely recognized as a source of satire, will make it clear that the merchandise itself parodies Hormel’s product, a message which depends for its success on distinguishing Spa’am from SPAM. Therefore, although the two marks are superficially similar, in all likelihood the parodic context in which the name “Spa’am” appears will distinguish the marks in the consumer’s mind.

### *Proximity of the Products*

Our finding that the marks are dissimilar in practice is buttressed by the fact that Henson and Hormel occupy distinct merchandising markets. The district court found that SPAM merchandise and Muppet merchandise featuring Spa’am “[c]learly . . . derive their associations from a primary product — luncheon meat, in the case of SPAM, and a Muppet motion picture, in the case of Spa’am.” It noted that “purchasers of SPAM merchandise would generally be consumers of the luncheon meat,” and that “[c]onsumers of merchandise bearing the likeness and/or name of Spa’am will buy it because they like Spa’am, the Muppets, and/or *Muppet Treasure Island*.” Thus, the separation between the markets for luncheon meat and puppet entertainment carries over into the secondary merchandising market.

This finding is not clearly erroneous. . . . [T]he character Spa’am, even as he appears on merchandise, will be defined almost entirely by his appearance in *Muppet Treasure Island*. This connection will be strengthened by the presence of the *Muppet Treasure Island* logo. Thus, it is unlikely that consumers will confuse merchandise featuring Spa’am with similar items displaying the SPAM trademark.

### ***Bridging the Gap***

Bridging the gap refers to the “senior user’s interest in preserving avenues of expansion and entering into related fields.” *C.L.A.S.S. Promotions, Inc. v. D.S. Magazines, Inc.*, (2d Cir. 1985). Hormel has shown no intention of entering the field of puppet entertainment with its attendant merchandising, see *McGregor-Doniger, supra*, and there is no evidence that consumers would relate Hormel to such an enterprise. Because market proximity in the instant case depends on identification with the primary product, this factor too favors Henson.

### ***Actual Confusion***

Hormel points to the misspellings and mispronunciations of Spa’am as SPAM in the media as evidence of actual confusion. However, in none of the articles Hormel cites is the source or sponsorship of the two marks confused. Indeed, there is no evidence that consumers, members of the media, or anyone else has mistaken Spa’am as a promotional figure for SPAM, or as a character sponsored by Hormel. Accordingly, the district court found that there was no actual confusion. Although misspellings may demonstrate a possibility of confusion, the vastly different contexts in which the marks at issue herein will appear militate against any possible confusion as to source or sponsorship.

### ***Bad Faith***

As noted above, Henson’s parody depends on consumer recognition that Spa’am is a Muppet lampoon and not simply a modified version of the SPAM-man. As the court noted in *Yankee Publishing, supra*, “[Henson] would have absolutely nothing to gain from creating a confusion among [merchandise consumers] causing them to believe there was a business association between [Henson] and [Hormel].” 809 F. Supp at 275. Indeed, the lack of subtlety in Henson’s parody is evidence in itself that Henson intended no deceit. See *Tetley, Inc. v. Topps Chewing Gum, Inc.*, (E.D.N.Y.1983). There is nothing to indicate that Henson acted in bad faith.

### ***Quality of the Products***

The quality of a junior user’s product can be relevant in two ways: (1) an inferior product may cause injury to the plaintiff trademark owner because people may think that the senior and junior products came from the same source; or (2) products of equal quality may tend to create confusion as to source because of this very similarity. See *Nikon Inc. v. Ikon Corp.*, (2d Cir. 1993). Henson’s Mup-

pets, which now include Spa'am among their members, are high quality products, similar in this respect to Hormel's SPAM. However, similarity of quality as between SPAM and Spa'am is unlikely to cause confusion, because the products are not otherwise related as to makeup, usage, etc.

Yet, although Henson's Muppets present high quality entertainment, Hormel contends that Henson's Spa'am character will call into question the quality of its SPAM luncheon meat. However, Hormel overlooks the district court's findings that Spa'am is a positive character, that he is not unhygienic, and that a simple comic reference to the fact that SPAM is made from pork will not damage its image, especially in view of the lack of adverse effect from the numerous other humorous references to SPAM.

### *Consumer Sophistication*

The district court found that a child or adult who would be likely to buy merchandise featuring Spa'am would do so "because he likes the Muppets, not because he mistakenly thinks that it is a SPAM [product]." Hormel complains that the district court focused on consumers who want to purchase Spa'am merchandise while overlooking possible confusion on the part of those who would like to buy SPAM products. However, although the district court did not discuss the latter consumers in its sophistication analysis, it found in its discussion of market proximity that consumers who want to purchase SPAM merchandise do so to affiliate themselves with Hormel's primary product and would not be confused by Henson's merchandise, all of which will prominently carry the *Muppet Treasure Island* mark. This finding is relevant in the sophistication analysis, especially because sophistication and market proximity are closely related concepts. See *Vitarroz, supra*. Therefore, we find no error in the district court's reasoning.

### *Likelihood of Confusion*

The elements of parody in Henson's Spa'am merchandise distinguish those products from ones manufactured by Hormel. The obvious, though inoffensive, nature of the parody and the prominence of the *Muppet Treasure Island* mark are strong evidence that consumers are not likely to be confused between merchandise carrying the SPAM logo and products featuring Spa'am. This is true both as to use of the Spa'am likeness and use of the Spa'am name in conjunction with that likeness, as portrayed in Henson's plans submitted to the district court. We therefore conclude that Hormel's infringement claim is without merit.

## B. Trademark Dilution

Hormel asserts error in the district court's conclusion that use of the Spa'am likeness, both with and without the name "Spa'am," will not dilute Hormel's SPAM trademark under New York's anti-dilution statute...

Dilution is grounded on the idea that a trademark can lose its "ability ... to clearly and unmistakably distinguish one source" through unauthorized use.

In order to establish a dilution claim, two elements must be shown: (1) ownership of a distinctive mark, and (2) a likelihood of dilution. *Sally Gee, Inc. v. Myra Hogan, Inc.*, (2d Cir. 1983). It is beyond dispute that SPAM is an extremely strong mark. Thus, this case turns on the question whether there is a likelihood of dilution. Such a likelihood can be established by a showing either of blurring or of tarnishment. Hormel contends that Henson's merchandise will dilute its mark under both theories. We disagree.

### *Blurring*

Dilution by blurring occurs when "[c]ustomers or prospective customers ... see the plaintiff's mark used on a plethora of different goods and services." ... "Thus, dilution by 'blurring' may occur where the defendant uses or modifies *the plaintiff's trademark* to identify *the defendant's goods and services*, raising the possibility that the mark will lose its ability to serve as a unique identifier of the plaintiff's product." *Deere & Co. v. MTD Prods., Inc.*, (2d Cir. 1994) (emphasis in original). This injury to the mark's selling power need not involve any confusion as to source or sponsorship. *Sally Gee, supra*. The unauthorized pullulation itself causes the harm. The legislative history of 368-d underscores this understanding by giving examples of hypothetical violations: "DuPont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns, and so forth."

There is very little likelihood that Henson's parody will weaken the association between the mark SPAM and Hormel's luncheon meat. Instead, like other spoofs, Henson's parody will "'tend to increase public identification'" of Hormel's mark with Hormel...

### *Tarnishment*

Dilution may also occur by tarnishment. A trademark may be tarnished when it is "linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context," with the result that "the public will associate the lack of quality or lack of prestige in the defendant's goods with the plaintiff's unrelated goods." *Deere & Co., supra*. The mark may also be tarnished if it loses its ability to serve as a "wholesome identifier" of plaintiff's product. *Id.*



Tarnishment can occur through a variety of uses. Some cases have found that a mark is tarnished when its likeness is placed in the context of sexual activity, obscenity, or illegal activity. See, e.g., *Eastman Kodak Co. v. Rakow*, (W.D.N.Y.1989); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, (S.D.N.Y.), *aff'd*, (2d Cir. 1979); *Pillsbury Co. v. Milky Way Productions, Inc.*, (N.D.Ga. 1981). However, tarnishment is not limited to seamy conduct. Hormel argues that the image of Spa'am, as a "grotesque," "untidy" wild boar will "inspire negative and unsavory associations with SPAM luncheon meat." Both Hormel and Amicus Curiae rely heavily on our recent decision in *Deere, supra*, for the proposition that products that "pok[e] fun at widely recognized marks of non-competing products, risk diluting the selling power of the mark that is made fun of." 41 F.3d at 44 (citation omitted). Their reliance is misplaced.

\* \* \*

The sine qua non of tarnishment is a finding that plaintiff's mark will suffer negative associations through defendant's use. Hormel claims that linking its luncheon meat with a wild boar will adversely color consumers' impressions of SPAM. However, the district court found that Spa'am, a likeable, positive character, will not generate any negative associations. Moreover, contrary to Hormel's contentions, the district court also found no evidence that Spa'am is unhygienic or that his character places Hormel's mark in an unsavory context. Indeed, many of Henson's own plans involve placing the Spa'am likeness on food products. In addition, the court also noted that a simple humorous reference to the fact that SPAM is made from pork is unlikely to tarnish Hormel's mark. Absent any showing that Henson's use will create negative associations with the SPAM mark, there was little likelihood of dilution. See *Tetley, supra*.

Moreover, unlike *Deere*, Henson's merchandise will not be in direct competition with that of Hormel. This is an important, even if not determinative, factor. "Dilution of this sort is more likely to be found when the alterations are made by a competitor with both an incentive to diminish the favorable attributes of the mark and an ample opportunity to promote its products in ways that make no significant alteration." *Deere, supra*. Here, Henson does not seek to ridicule SPAM in order to sell more of its competitive products; rather, the parody is part of the product itself. Without Spa'am, the joke is lost. Indeed, we were mindful of this problem in *Deere* when we noted that "[t]he line-drawing in this area becomes especially difficult when a mark is parodied for the dual purposes of making a satiric comment and selling a somewhat competing product." *Id.* Thus, in *Deere* we did not proscribe any parody or humorous depiction of a mark. Overall, we took a cautious approach, stating that "we must be careful not to broaden section 368-d to prohibit all uses of a distinctive mark that the owner prefers not be made." *Id.* at 44.

Therefore, in the instant case, where (1) there is no evidence that Henson's

use will cause negative associations, (2) Henson is not a direct competitor, and (3) the parody inheres in the product, we find that there is no likelihood of dilution under a tarnishment theory.

\* \* \*

We affirm the district court's denial of injunctive relief.

### ***Browne v. McCain***

United States District Court, CD California (2009)

- [case on Google Scholar](#)
- [case on Westlaw](#)
- [Browne v. McCain, WSJ Blogs](#).

R. GARY KLAUSNER, District Judge.

## **I. INTRODUCTION**

A few months before the 2008 Presidential election, Jackson Browne ("Browne" or "Plaintiff") sued Republican Presidential candidate, Senator John McCain ("Senator McCain"), along with the Republican National Committee ("RNC"), and the Ohio Republican Party ("ORP") (collectively "Defendants") for copyright infringement, and other related claims. Browne's claims arise out of Defendants' alleged improper use of his song *Running on Empty* in a campaign commercial for Senator McCain.

Presently before the Court is RNC's Motion to Dismiss for Failure to State a Claim. For the following reasons, the Court DENIES RNC's Motion.

## **II. FACTUAL BACKGROUND**

Browne is a singer and songwriter who is closely associated with liberal causes and Democratic political candidates. Browne's public support for the Democratic Party and President Barack Obama is well-known. In fact, Browne has performed at political rallies for Democratic Party candidates.

Senator McCain is a citizen of Arizona and ran as the Republican Presidential candidate in the 2008 Presidential election. RNC is a non-profit political organization based in the District of Columbia. ORP is a non-profit political organization based in Ohio.



### **A. The Composition**

In 1977, Browne released an album entitled *Running on Empty* (the “Album”), which contained a composition of the same name (the “Composition”). The Album reached platinum status (i.e., sales of one million or more) seven times over. The Album and Composition are both famously associated with Browne, who owns a federally registered copyright in the Composition. It is that Composition that Browne alleges Defendants improperly used in a campaign commercial for Senator McCain...

### **B. The Commercial**

In anticipation of then-Democratic Presidential candidate Barack Obama’s visit to Ohio the week of August 4, 2008, ORP, acting as an agent for the RNC and Senator McCain, created a web video to criticize and comment on Barack Obama’s energy policy and his suggestion that the country could conserve gasoline by keeping their automobile tires inflated to the proper pressure (the “Commercial”). During the Commercial, a sound recording of Browne performing the Composition, *Running on Empty*, plays in the background.

The Commercial is approximately one minute and twenty seconds. It begins by displaying the words “Pain at the Pump” in large white and black letters, with bluish-pink graphics, followed by a twenty-five second montage of Ohio news broadcasts regarding the high price of gas. The montage features reporters from Channels 5, 6, and 10, who state: (1) “we don’t have to say it, we are all certainly sick of the pain at the pump”; (2) “now the price at the pump is going up once again”; (3) “\$3.64 for a gallon”; (4) “gallon of regular going for \$3.69”; (5) “gas prices are thirty-eight percent higher now than they were this time last year”; and (6) “for most of us, fill-up can be a budget buster.” The montage concludes with a Channel 5 reporter asking “so how do you bring down the price of gas here in northeast Ohio and across the U.S.A.?”

The Commercial then cuts to a CNN broadcast of then-Democratic candidate Barack Obama at a rally saying “making sure your tires are properly inflated.” The sound of a needle dragged across a record is heard as the screen flashes the word “What!?” Next, an image of Senator McCain appears, along with the words “Senator McCain has [illegible].” The Commercial then cuts to information on Senator McCain’s energy plan, including the words: “Expand Domestic Oil and Natural Gas Production; Reform Transportation Sector; Invest in Clean, Alternative Sources of Energy; Address Climate Change; Promote Energy Efficiency.”...

At approximately fifty seconds, the Instrumental Introduction of the Composition begins playing as the screen displays the words “What’s that Obama

plan again?" At approximately fifty-seven seconds, the volume on the Composition is lowered, but is still audible, and the Commercial cuts back to the CNN broadcast of Obama at a rally saying "making sure your tires are properly inflated, simple thing, but we could save all the oil that they are talking about getting off drilling if everybody was just inflating their tires?" At approximately one minute eight seconds, the volume of the Composition increases as the Commercial cuts to a CNN broadcast of former Presidential candidate Senator Hillary Clinton saying "shame on you Barack Obama." ...

Neither Senator McCain, ORP, nor RNC received a license nor Browne's permission to use the Composition in the Commercial.

ORP posted the Commercial on YouTube.com ("YouTube"). The Commercial also aired on television and cable networks in Ohio and Pennsylvania, as well as other websites such as the Huffingtonpost.com. The Commercial was also aired on and discussed by the national news media, including MSNBC.

Since the Commercial first appeared on television and the Internet, Browne has received numerous inquiries expressing concern about Defendants' use of the Composition and Browne's performance.

Browne contends that the Commercial falsely suggests that he sponsors, endorses, or is associated with Senator McCain and the Republican Party, "when nothing could be further from the truth."

As a result, Browne sued Defendants on August 14, 2008, asserting claims for (1) Copyright Infringement, (2) Vicarious Copyright Infringement, (3) Violation of the Lanham Act (False Association or Endorsement), and (4) Violation of California Common Law Right of Publicity.

## DISCUSSION

[Court's discussion of plaintiff's copyright claims omitted.]

### *C. Lanham Act Claim*

RNC contends that the Court should dismiss Plaintiffs Lanham Act claim because:

1. the Lanham Act applies only to commercial speech,
2. the First Amendment and artistic relevance test bar the claim, and
3. Plaintiff cannot, as a matter of law, establish likelihood of confusion. For the following reasons, the Court disagrees.

### 1. Application of the Lanham Act to Political Speech

RNC contends that Plaintiff cannot state a claim for false association or endorsement under 15 U.S.C. 1125(a)(1)(A) of the Lanham Act (“Section 43(a)(1)(A)”) because the Lanham Act applies only to commercial speech and does *not* apply to political speech. For the following reasons, the Court disagrees...

First, contrary to RNC’s assertions, courts have recognized that the Lanham Act applies to noncommercial (i.e., political) *and* commercial speech. *See, e.g., United We Stand America, Inc. v. United We Stand, America New York, Inc.*, (2d Cir. 1997); *MGM-Pathe Commns. Co. v. Pink Panther Patrol*, (S.D.N.Y. 1991). Indeed, the Act’s purpose of reducing consumer confusion supports application of the Act to political speech, where the consequences of widespread confusion as to the source of such speech could be dire. *See United We Stand America, Inc.* Thus, to the extent RNC’s Motion is based on its theory that the Lanham Act applies only to commercial speech, that theory is rejected.

Second, to the extent that RNC argues that Plaintiffs Lanham Act claim must yield to important First Amendment concerns over protecting political speech, such concerns are addressed in the Court’s discussion of the First Amendment and artistic relevance test in Section IV.2. below.

Third, the mere fact that a defendant is engaged in political speech, alone, does not bar a plaintiffs Lanham Act claim. *See MGM-Pathe Commns. Co.* Thus, to the extent RNC’s Motion is based on its theory that the mere fact that Browne’s Lanham Act claim is based on political speech bars his claim as a matter of law, that theory is rejected.

Fourth, contrary to the implications of RNC’s arguments, the Lanham Act’s reference to use “in commerce” does not require a plaintiff who asserts a claim under Section 43(a)(1)(A) to show that the defendant actually used the mark in commerce. *United We Stand America, Inc.* Rather, the Act’s reference to use “in commerce” actually “reflects Congress’s intent to legislate to the limits of its authority under the Commerce Clause” to regulate interstate commerce. *Id.* The interstate commerce jurisdictional predicate for the Lanham Act merely requires a party to show that the defendant’s conduct affects interstate commerce, such as through diminishing the plaintiffs ability to control use of the mark, thereby affecting the mark and its relationship to interstate commerce. As such, the “scope of ‘in commerce’ as a jurisdictional predicate of the Lanham Act is broad and has a sweeping reach.” *Planned Parenthood Federation of America, Inc. v. Bucci*, (S.D.N.Y.) (citing *Steele v. Bulova Watch Co.*(S.Ct. 1952)).

Thus, to the extent. RNC’s Motion is based on its theory that Browne cannot state a claim under the Lanham Act because he has not shown actual use in commerce, that theory is rejected. Moreover, since RNC has not actually argued that Plaintiffs claim fails to satisfy the interstate commerce requirement,

the Court will not address that issue at this time.

## ***2. The First Amendment and Artistic Relevance Test***

RNC also contends that Plaintiff cannot state a claim under the Lanham Act because the Commercial is an expressive work and thus the claim is barred under the First Amendment and artistic relevance test. For the following reasons, the Court disagrees.

In the Ninth Circuit, a Lanham Act claim based on use of a mark in an artistic work is analyzed under the Second Circuit's *Rogers* artistic relevance test, which was developed to address the competing interests of the First Amendment's protection of artistic works and trademark protection. See *Mattel, Inc. v. MCA Records, Inc.*, (9th Cir. 2002). Under this test, "[a]n artistic work's use of a trademark that otherwise would violate the Lanham Act is not actionable [1] 'unless the use of the mark has no artistic relevance to the underlying work whatsoever, or, [2] if it has some artistic relevance, unless it explicitly misleads as to the source or content of the work.'" *E.S.S. Entm't 2000, Inc. v. Rock Star Videos, Inc.* (9th Cir. 2008) (citing *MCA Records, Inc.*).

Here, the Court finds that RNC has not established that the First Amendment and artistic relevance test bar Plaintiffs Lanham Act claim at this time. First, RNC has not established that the Commercial is an artistic work, requiring application of the artistic relevance test. Second, RNC has not shown that the First Amendment and artistic relevance test bar Browne's claim merely because the Commercial is noncommercial, political speech. In fact, courts that have applied the Lanham Act to noncommercial and political speech have implicitly rejected the theory that claims based on such speech are barred, as a matter of law, based on the First Amendment and artistic relevance test. See, e.g., *MGM-Pathe Commns. Co.*; see generally *United We Stand America, Inc.* Finally, it appears that, in light of the Court's limited inquiry on a 12(b)(6) motion, the Court would have difficulty applying the artistic relevance test at this time.

Thus, the Court finds that RNC has not established that Plaintiff's Lanham Act claim is barred by the First Amendment and artistic relevance test at this time and rejects RNC's contention that the Court should dismiss this claim on that basis.

## ***3. Likelihood of Confusion***

RNC also contends that Plaintiff cannot state a claim under the Lanham Act because the Commercial clearly identifies its source as ORP, so there is no likelihood of confusion as to its origin. For the following reasons, the Court disagrees.

The Ninth Circuit considers the following factors, known as *Sleekcraft* factors, in determining whether likelihood of confusion exists (1) strength of the mark, (2) proximity or relatedness of the goods, (3) similarity of the marks, (4) evidence of actual confusion, (5) marketing channels used, (6) degree of care customers are likely to exercise in purchasing the goods, (7) defendant's intent in selecting the mark, and (8) likelihood of expansion into other markets. [\*KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.\*](#) (9th Cir. 2005).

Here, the Court finds that RNC has not established, at this time, that Plaintiff cannot show likelihood of confusion. RNC's contention that the Commercial clearly identifies its source as ORP, alone, does not show that a consumer could not possibly be confused as to whether Browne endorsed Senator McCain, RNC, or ORP. Moreover, RNC has failed to address all of the *Sleekcraft* factors and whether they weigh against likelihood of confusion. Without the parties' arguments as to these factors, the Court is unable to thoroughly analyze likelihood of confusion at this time.

Thus, the Court finds that RNC has not established that Plaintiff cannot show likelihood of confusion at this time and rejects RNC's contention that the Court should dismiss this claim on that basis.

The Court accordingly DENIES RNC's Motion to Dismiss Plaintiffs Lanham Act claim.

## V. CONCLUSION

In light of the foregoing, the Court DENIES RNC's Motion to Dismiss Plaintiff's claims for Copyright Infringement, Vicarious Copyright Infringement, and Violation of the Lanham Act. The Court addresses RNC's grounds for dismissal of Plaintiffs California Common Law Right of Publicity claim in its Order Re RNC's Special Motion to Strike.

IT IS SO ORDERED.

## *Louis Vuitton v. Warner Brothers, Inc.*

United States District Court, S.D. New York (2012)

- [case on Google Scholar](#)
- [case on Wikipedia](#)
- [THR Esq: Warner Bros. Beats Louis Vuitton in 'Hangover 2' Knockoff Handbag Lawsuit](#)

ANDREW L. CARTER, JR., District Judge.

On December 22, 2011, Louis Vuitton Malletier, S.A. ("Louis Vuitton") filed a complaint against Warner Bros. Entertainment Inc. ("Warner Bros."), focusing

on Warner Bros.' use of a travel bag in the film "The Hangover: Part II" that allegedly infringes upon Louis Vuitton's trademarks. Plaintiff's complaint asserts three claims for relief:

1. false designation of origin/unfair competition in violation of 43(a) of the Lanham Act;
2. common law unfair competition; and
3. trademark dilution in violation of N.Y. Gen. Bus. Law 360-l.

On March 14, 2012, defendant filed a motion to dismiss the complaint with prejudice for failure to state a claim upon which relief can be granted pursuant to Fed.R.Civ.P. 12(b). The court has fully considered the parties' arguments, and for the reasons set forth below, defendant's motion is granted.

## BACKGROUND

Louis Vuitton is one of the premier luxury fashion houses in the world, renowned for, among other things, its high-quality luggage, trunks, and handbags. Louis Vuitton's principle trademark is the highly-distinctive and famous Toile Monogram. Registered in 1932, this trademark, along with its component marks (collectively, the "LVM Marks"), are famous, distinctive, and incontestable...

Warner Bros. is one of the oldest and most respected producers of motion pictures and television shows in the country and the world. In the summer of 2011, Warner Bros. released "The Hangover: Part II" ("the Film"), the sequel to the 2009 hit bachelor-party-gone-awry-comedy "The Hangover." The Film has grossed roughly \$580 million globally as of the date of the Complaint, becoming the highest-gross R-rated comedy of all time and one of the highest grossing movies in 2011.

Diophy is a company that creates products which use a monogram design that is a knock-off of the famous Toile Monogram (the "Knock-Off Monogram Design"). The Diophy products bearing the Knock-Off Monogram Design have been extensively distributed throughout the United States, causing enormous harm to Louis Vuitton. Despite the inferior quality of Diophy's products, demand for its products bearing the Knock-Off Monogram Design remains high because they are far less expensive than genuine Louis Vuitton products. (*Id.*)

### A. The Airport Scene

As alleged in the complaint, in one early scene in the Film the "four main characters are in Los Angeles International Airport before a flight to Thailand for the character Stu's bachelor party and wedding."

“As the characters are walking through the airport, a porter is pushing on a dolly what appears to be Louis Vuitton trunks, some hard-sided luggage, and two Louis Vuitton Keepall travel bags.” Alan, one of the characters, is carrying what appears to be a matching over-the-shoulder Louis Vuitton “Keepall” bag, but it is actually an infringing Diophy bag. Moments later, Alan is seen sitting on a bench in the airport lounge and places his bag (i.e., the Diophy bag) on the empty seat next to him. Stu, who is sitting in the chair to the other side of the bag, moves the bag so that Teddy, Stu’s future brother-in-law, can sit down between him and Alan.

Alan reacts by saying:

“Careful that is . . . that is a Lewis Vuitton.”

No other reference to Louis Vuitton or the Diophy bag is made after this point.

After the movie was released in theaters, Louis Vuitton sent Warner Bros. a cease and desist letter noting its objection to the use of the Diophy bag in the Film. Despite being informed of its objection, on December 6, 2011, Warner Bros. released the Film in the United States on DVD and Blu-Ray...

## **B. The Present Motion**

It is instructive to consider what this case is about and what it is not. Louis Vuitton does not object to Warner Bros.’ unauthorized use of the LVM Marks or reference to the name Louis Vuitton in the Film. Nor does Louis Vuitton claim that Warner Bros. misled the public into believing that Louis Vuitton sponsored or was affiliated with the Film. Rather, Louis Vuitton contends that Warner Bros. impermissibly used a third-party’s bag that allegedly infringes on the LVM Marks. According to the complaint, “[b]y using the infringing Diophy [b]ag and affirmatively misrepresenting that it is a Louis Vuitton bag, the public is likely to be confused into believing that the Diophy [b]ag is an authentic Louis Vuitton product and that Louis Vuitton has sponsored and approved Warner Bros.’ use and misrepresentation of the infringing Diophy [b]ag as a genuine product of Louis Vuitton in *The Hangover: Part II*.” The complaint further alleges that “Warner Bros.’ use and misrepresentation of the Diophy [b]ag bearing the Knock-Off Monogram Design as an authentic Louis Vuitton bag is likely to blur the distinctiveness of the LVM Marks” and “tarnish the LVM Marks by associating Louis Vuitton with the poor quality and shoddy reputation of the cheap products bearing the Knock-Off Monogram Design.” On the basis of Warner Bros.’ use of the allegedly infringing Diophy bag in the Film, Louis Vuitton asserts three causes of action:

1. false designation of origin/unfair competition in violation of 15 U.S.C. 1125(a),
2. common law unfair competition, and
3. trademark dilution in violation of New York General Business Law 360.

[The standards for 43(a) claims of the Lanham Act and common law unfair competition claims “are almost indistinguishable.” ... *Tri-Star Pictures, Inc. v. Unger*, (S.D.N.Y.1998); *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, (S.D.N.Y.2008) (noting that the elements of unfair competition “mirror” the Lanham Act, except that plaintiffs must additionally show bad faith on the state law claim)].

Warner Bros. now moves to dismiss the complaint in its entirety on the ground that its use of the Diophy bag in the Film is protected by the First Amendment under the framework established by *Rogers v. Grimaldi*, (2d Cir.1989).<sup>[5]</sup>

## DISCUSSION

[ ... ]

### B. Lanham Act claim

To state a claim for trademark infringement under the Lanham Act, in addition to showing that it has a valid mark, the plaintiff must show that the defendant’s use of its mark is likely to cause “an appreciable number of ordinarily prudent purchasers” “confusion as to the origin, sponsorship, or approval” of the defendant’s product.... Courts look to the eight factor test first articulated in *Polaroid Corp. v. Polarad Elecs. Corp.*, (2d Cir.1961), to determine whether there is a likelihood of confusion. When applying these factors, courts should focus “on the ultimate question of whether consumers are likely to be confused.” ...

#### 1. First Amendment

In *Rogers v. Grimaldi*, the Second Circuit held that the Lanham Act is inapplicable to “artistic works” as long as the defendant’s use of the mark is (1) “artistically relevant” to the work and (2) not “explicitly misleading” as to the source or content of the work.

[The court in *Rogers* applied this test to the use of a trademark in a movie title, but courts have extended it to the content of expressive works as well. *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ’g Group, Inc.* (2d Cir. 1989) (“[T]he *Rogers* balancing approach is generally applicable to Lanham claims against works of artistic expression.”); see also *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.* (9th Cir.2008) (“Rock Star Videos”) (“[T]here is no principled reason why



[the *Rogers* test] ought not also apply to the use of a trademark in the body of the work.”) (citing *Mattel, Inc. v. Walking Mountain Prods.* (9th Cir.2003)). The parties do not dispute the application of *Rogers* to the content of a movie.]

Louis Vuitton does not dispute that Warner Bros. challenged use of the mark is noncommercial, placing it firmly within the purview of an “artistic work” under *Rogers*.

Louis Vuitton objects to the present motion on the following grounds:

1. whether the use was “artistically relevant” is an issue of fact that requires discovery;
2. the “explicitly misleading” prong is not limited to confusion as to the source or content of the defendant’s work;
3. Warner Bros. is not afforded First Amendment protection for using an infringing product; and
4. Disposing this case on a motion to dismiss is otherwise inappropriate.

#### *a. Artistic Relevance*

The threshold for “artistic relevance” is purposely low and will be satisfied unless the use “has *no* artistic relevance to the underlying work *whatsoever*.” *Rogers*, (emphasis added). The artistic relevance prong ensures that the defendant intended an artistic — i.e., noncommercial — association with the plaintiff’s mark, as opposed to one in which the defendant intends to associate with the mark to exploit the mark’s popularity and good will.

Warner Bros.’ use of the Diophy bag meets this low threshold. Alan’s terse remark to Teddy to “Be careful!” because his bag “is a Lewis Vuitton” comes across as snobbish only because the public signifies Louis Vuitton — to which the Diophy bag looks confusingly similar — with luxury and a high society lifestyle. His remark also comes across as funny because he mispronounces the French “Louis” like the English “Lewis,” and ironic because he cannot correctly pronounce the brand name of one of his expensive possessions, adding to the image of Alan as a socially inept and comically misinformed character. This scene also introduces the comedic tension between Alan and Teddy that appears throughout the Film.

Louis Vuitton contends that the Court cannot determine that the use of the Diophy bag was artistically relevant until after discovery. Specifically, Louis Vuitton maintains that it should be able to review the script and depose the Film’s creators to determine whether Warner Bros. intended to use an authentic Louis Vuitton bag or Diophy’s knock-off bag. . . . However, the significance of the airport scene relies on Alan’s bag — authentic or not — looking like a Louis Vuitton bag. Louis Vuitton does not dispute this was Warner Bros.’ intention,

and therefore the discovery it seeks is irrelevant. The Court is satisfied that Warner Bros.' use of the Diophy bag (whether intentional or inadvertent) was intended to create an artistic association with Louis Vuitton, and there is no indication that its use was commercially motivated. See *Rogers*, 875 F.2d at 1001.[<sup>11</sup>]

[In a footnote, the Court distinguished cases cited by Louis Vuitton, including *Parks v. LaFace Records* Cir.2003) (finding that "reasonable persons could conclude that there is no relationship of any kind between Rosa Park's name and the content of the song," and noting that the "marketing power" of the song's title "unquestionably enhanced the song's potential sale to the consuming public").]

Accordingly, the Court concludes that the use of the Diophy bag has some artistic relevance to the plot of the Film.

### ***b. Explicitly Misleading***

Since using the Diophy bag has some relevance to the Film, Warner Bros.' use of it is unprotected only if it "explicitly misleads as to the source or the content of the work." *Rogers*. The Second Circuit has explained that the relevant question is whether the defendant's use of the mark "is misleading in the sense that it induces members of the public to believe [the work] was prepared or otherwise authorized" by the plaintiff. *Twin Peaks*. The explicitly misleading determination "must be made, in the first instance, by application of the venerable *Polaroid* [likelihood of confusion] factors." *Id.* (citing *Cliffs Notes*). Only a "particularly compelling" finding of likelihood of confusion can overcome the First Amendment interests. *Id.*

*Rogers* and the cases adopting its holding have consistently framed the applicable standard in terms of confusion as to the defendant's artistic work.

It is not a coincidence that courts frame the confusion in relation to the defendant's artistic work, and not to someone else's. This narrow construction of the Lanham Act accommodates the public's interest in free expression by restricting its application to those situations that present the greatest risk of consumer confusion: namely, when trademarks are used to "dupe[] consumers into buying a product they mistakenly believe is sponsored by the trademark owner." *Rock Star Videos* (quoting *Walking Mountain*). When this concern is present it will generally outweigh the public's interest in free expression. However, if a trademark is not used, "in any direct sense," to designate the source or sponsorship of the defendant's work, then "the consumer interest in avoiding deception is too slight to warrant application of the Lanham Act." *Syler v. Woodruff* (S.D.N.Y. 2009)(quoting *Rogers*, 875 F.2d at 1000).

Louis Vuitton contends that the explicitly misleading prong is not limited to confusion as to the source or content of the Film, but rather, extends to con-

fusion as to the source or content of a third-party's goods. Curiously, Louis Vuitton makes this argument without addressing the clear rule set forth in *Twin Peaks* and instead relies on *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205 (2d Cir.1979), a decision whose First Amendment approach *Rogers* expressly declined to follow and which has been criticized by other courts. *Rogers*, 875 F.2d at 999 n. 4; see *Parks*, 329 F.3d at 449-50 (discussing the problems that *Rogers* and other courts have found with the *Dallas Cowboys Cheerleaders* approach to First Amendment issues). Notwithstanding the inapplicability of *Dallas Cowboys Cheerleaders* to noncommercial speech, like the speech at issue here, that case does not stand for the proposition Louis Vuitton claims it does.

In *Dallas Cowboys Cheerleaders*, the Second Circuit affirmed a preliminary injunction barring the defendants from exhibiting or distributing a pornographic film that depicted the plaintiff's trademarked cheerleader uniforms. 604 F.2d 200. There, the court rejected the defendants' argument that the Lanham Act only prevents confusion as to the origin of the film, and ruled that the Act also prevents confusion that "the mark's owner sponsored or otherwise approved the use of the trademark." *Id.* at 205. Although Louis Vuitton latches onto the "approved the use of the trademark" language, when read in the context of the decision it is clear that the court was referring to confusion that the mark's owner sponsored or approved of the film, for this was the precise type of confusion the court found actionable: "Plaintiff expects to establish on trial that the public may associate it with defendants' movie and be confused into believing that plaintiff sponsored the movie, provided some of the actors, licensed defendants to use the uniform, or was in some other way connected with the production." *Id.*...

Here, the complaint alleges two distinct theories of confusion: (1) that consumers will be confused into believing that the Diophy bag is really a genuine Louis Vuitton bag; and (2) that Louis Vuitton approved the use of the Diophy bag in the Film. However, even drawing all reasonable inferences in the light most favorable to Louis Vuitton, as the Court is required to do, neither of these allegations involves confusion as to Warner Bros.' artistic work...

The Court concludes that Louis Vuitton's allegations of confusion are not plausible, let alone "particularly compelling." First, it is highly unlikely that an appreciable number of people watching the Film would even notice that Alan's bag is a knock-off. In this regard, Louis Vuitton is trying to have it both ways: arguing that the Diophy bags are so similar as to create consumer confusion but at the same time so obviously dissimilar that someone watching the Film would notice the slightly different symbols used on the Diophy bag. Yet, the Diophy bag appears on screen for no more than a few seconds at a time and for less than thirty seconds in total, and when it is on screen, it is usually in the

background, out of focus, or partially obscured by other things... Furthermore, Louis Vuitton's position assumes that viewers of the Film would take seriously enough Alan's statements about designer handbags (even about those he does not correctly pronounce) that they would attribute his views to the company that produced the Film. This assumption is hardly conceivable, and it does not cross the line into the realm of plausibility. Lastly, Louis Vuitton is objecting to a statement made by a fictional character in a fictional movie, which it characterizes as an affirmative misrepresentation. However, this assumes that the fictional Alan character knew that his bag was a knock-off; otherwise, he would simply be (innocently) misinformed about the origin of his bag. For these reasons, the Court concludes that the likelihood of confusion is at best minimal, and when balanced against the First Amendment concerns implicated here, it is not nearly significant enough to be considered "particularly compelling."

Under the expansive view Louis Vuitton advances, Warner Bros. would be liable — not for identifying its own product with the LVM Marks — but for identifying the Diophy bag with the LVM Marks or, alternatively, for implying that Louis Vuitton approved the use of the Diophy bag in the Film. The public's interest in avoiding consumer confusion (assuming the Lanham Act covers this type of confusion) is not so great as to overcome the significant threats to free expression from holding Warner Bros. liable for its noncommercial speech in this case. This is especially true since the relevant confusion is caused by a third-party — one with whom Warner Bros. has no relationship whatsoever. Any confusion created by Warner Bros. is at most indirect and thus "too slight to warrant application of the Lanham Act."...

[This limitation on the reach of the Lanham Act is consistent with the text of 43(a)(1)(A), which expressly requires the "confusion," "mistake," or "dece[ption]" to be "of [the defendant's] goods, services, or commercial activities," and with the core concern of trademark law, which is confusion related to purchasing decisions and not confusion generally.]

Here, there is no likelihood of confusion that viewers would believe that the Diophy bag is a real Louis Vuitton bag just because a fictional character made this claim in the context of a fictional movie. Neither is there a likelihood of confusion that this statement would cause viewers to believe that Louis Vuitton approved of Warner Bros.' use of the Diophy bag....

### **C. State Law Claims**

Louis Vuitton's pendant state law claim under New York's anti-dilution statute and its common law claim of unfair competition are likewise dismissed because they are based on the same permissible conduct as its Lanham Act claim....

## CONCLUSION

For the reasons discussed above, defendant's motion to dismiss the complaint is granted.

SO ORDERED.

### Totally Optional Readings & Viewings

- [Disney Denies Bid To Keep Characters 3 Hallandale Day-care Centers Are Given One Month To Remove Murals](#)
- [Nastiness Is Not a Fantasy In Movie Theme Park War](#)