

Lawyers For The Talent

Entertainment Law

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Lawyers For The Talent

by Richard Dooling

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I Disclaim

I am an author and sometimes a screenwriter. I'm also a lawyer, and I teach Entertainment Law at the University of Nebraska College of Law, but I am not *your* lawyer, and the text you find here is *not* legal advice.

To paraphrase Hunter Thompson:

The entertainment industry is a cruel and shallow money trench ... a long plastic hallway where thieves and pimps run free and good men die like dogs.

It's no place to be guessing about your legal rights. If you need legal advice, please get a lawyer.

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 ...

Trademark Basics

Watch this video from the US Patent & Trademark Office:

Basic Facts About Trademarks: What Every Small Business Should Know Now, Not Later.

Read [What some companies get wrong about trademarks Can't you just smell the Play-Doh?](#) by Prof. Alexandra J. Roberts @lexlanham.

Matal v. Tam

United States Supreme Court (2017)

This case introduces federal trademark law and the United States Patent and Trademark Office (PTO). It's also a nice review of the First Amendment. It's always with us.

- [case on Google Scholar](#)

Justice ALITO announced the judgment of the Court and delivered the opinion of the Court with respect to Parts I, II, and III-A, and an opinion with respect to Parts III-B, III-C, and IV, in which THE CHIEF JUSTICE, Justice THOMAS, and Justice BREYER join.

This case concerns a dance-rock band's application for federal trademark registration of the band's name, "The Slants." "Slants" is a derogatory term for persons of Asian descent, and members of the band are Asian-Americans. But the band members believe that by taking that slur as the name of their group, they will help to "reclaim" the term and drain its denigrating force.

The Patent and Trademark Office (PTO) denied the application based on a provision of federal law prohibiting the registration of trademarks that may "disparage ... or bring ... into contempt or disrepute" any "persons, living or dead." 15 U.S.C. § 1052(a). We now hold that this provision violates the Free Speech Clause of the First Amendment. It offends a bedrock First Amendment principle: Speech may not be banned on the ground that it expresses ideas that offend.

I

A

"The principle underlying trademark protection is that distinctive marks — words, names, symbols, and the like — can help distinguish a particular artisan's goods from those of others." *B & B Hardware, Inc. v. Hargis Industries, Inc.* (2015). A trademark "designates the goods as the product of a particular trader" and "protects his good will against the sale of another's product as his." It helps

consumers identify goods and services that they wish to purchase, as well as those they want to avoid.

“Federal law does not create trademarks.” *B & B Hardware, supra*. Trademarks and their precursors have ancient origins, and trademarks were protected at common law and in equity at the time of the founding of our country.

For most of the 19th century, trademark protection was the province of the States. Eventually, Congress stepped in to provide a degree of national uniformity, passing the first federal legislation protecting trademarks in 1870.

The foundation of current federal trademark law is the Lanham Act, enacted in 1946. By that time, trademark had expanded far beyond phrases that do no more than identify a good or service. Then, as now, trademarks often consisted of catchy phrases that convey a message.

Under the Lanham Act, trademarks that are “used in commerce” may be placed on the “principal register,” that is, they may be federally registered. [15 U.S.C. § 1051\(a\)\(1\)](#). There are now more than two million marks that have active federal certificates of registration.

This system of federal registration helps to ensure that trademarks are fully protected and supports the free flow of commerce. “National protection of trademarks is desirable,” we have explained, “because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.” *San Francisco Arts & Athletics*. See also *Park ’N Fly* (“The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers”).

B

Without federal registration, a valid trademark may still be used in commerce. And an unregistered trademark can be enforced against would-be infringers in several ways. Most important, even if a trademark is not federally registered, it may still be enforceable under [§ 43\(a\) of the Lanham Act](#), which creates a federal cause of action for trademark infringement.

Federal registration, however, “confers important legal rights and benefits on trademark owners who register their marks.” *B & B Hardware supra*. Registration also enables the trademark holder “to stop the importation into the United States of articles bearing an infringing mark.”

C

The Lanham Act contains provisions that bar certain trademarks from the principal register. For example, a trademark cannot be registered if it is “merely descriptive or deceptively misdescriptive” of goods, § 1052(e)(1), or if it is so similar to an already registered trademark or trade name that it is “likely ... to cause confusion, or to cause mistake, or to deceive,” § 1052(d).

At issue in this case is one such provision, which we will call “the disparagement clause.” This provision prohibits the registration of a trademark “which may disparage ... persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.” § 1052(a). This clause appeared in the original Lanham Act and has remained the same to this day.

When deciding whether a trademark is disparaging, an examiner at the PTO generally applies a “two-part test.” The examiner first considers “the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services.” [Trademark Manual of Examining Procedure](#) “If that meaning is found to refer to identifiable persons, institutions, beliefs or national symbols,” the examiner moves to the second step, asking “whether that meaning may be disparaging to a substantial composite of the referenced group.” If the examiner finds that a “substantial composite, although not necessarily a majority, of the referenced group would find the proposed mark ... to be disparaging in the context of contemporary attitudes,” a prima facie case of disparagement is made out, and the burden shifts to the applicant to prove that the trademark is not disparaging. What is more, the PTO has specified that “the fact that an applicant may be a member of that group or has good intentions underlying its use of a term does not obviate the fact that a substantial composite of the referenced group would find the term objectionable.”

D

Simon Tam is the lead singer of “The Slants.” He chose this moniker in order to “reclaim” and “take ownership” of stereotypes about people of Asian ethnicity. The group “draws inspiration for its lyrics from childhood slurs and mocking nursery rhymes” and has given its albums names such as “The Yellow Album” and “Slanted Eyes, Slanted Hearts.”

Tam sought federal registration of “THE SLANTS,” on the principal register, but an examining attorney at the PTO rejected the request, applying the PTO’s two-part framework and finding that “there is ... a substantial composite of

persons who find the term in the applied-for mark offensive.” The examining attorney relied in part on the fact that “numerous dictionaries define ‘slants’ or ‘slant-eyes’ as a derogatory or offensive term.” The examining attorney also relied on a finding that “the band’s name has been found offensive numerous times” — citing a performance that was canceled because of the band’s moniker and the fact that “several bloggers and commenters to articles on the band have indicated that they find the term and the applied-for mark offensive.”

Tam contested the denial of registration before the examining attorney and before the PTO’s Trademark Trial and Appeal Board (TTAB) but to no avail. Eventually, he took the case to federal court, where the en banc Federal Circuit ultimately [found the disparagement clause facially unconstitutional under the First Amendment’s Free Speech Clause](#). The majority found that the clause engages in viewpoint-based discrimination, that the clause regulates the expressive component of trademarks and consequently cannot be treated as commercial speech, and that the clause is subject to and cannot satisfy strict scrutiny. The majority also rejected the Government’s argument that registered trademarks constitute government speech, as well as the Government’s contention that federal registration is a form of government subsidy. And the majority opined that even if the disparagement clause were analyzed under this Court’s commercial speech cases, the clause would fail the “intermediate scrutiny” that those cases prescribe.

The Government filed a petition for certiorari, which we granted in order to decide whether the disparagement clause “is facially invalid under the Free Speech Clause of the First Amendment.”

II

Omitted

III

Because the disparagement clause applies to marks that disparage the members of a racial or ethnic group, we must decide whether the clause violates the Free Speech Clause of the First Amendment. And at the outset, we must consider three arguments that would either eliminate any First Amendment protection or result in highly permissive rational-basis review. Specifically, the Government contends:

1. that trademarks are government speech, not private speech,
2. that trademarks are a form of government subsidy, and

3. that the constitutionality of the disparagement clause should be tested under a new “government-program” doctrine.

We address each of these arguments below.

A

The First Amendment prohibits Congress and other government entities and actors from “abridging the freedom of speech”; the First Amendment does not say that Congress and other government entities must abridge their own ability to speak freely. And our cases recognize that “the Free Speech Clause ... does not regulate government speech.” *Pleasant Grove City v. Summum* (2009); *Johanns v. Livestock Marketing Assn.* (2005)(“the Government’s own speech ... is exempt from First Amendment scrutiny”).

As we have said, “it is not easy to imagine how government could function” if it were subject to the restrictions that the First Amendment imposes on private speech. *Summum*. See *Walker v. Texas Div., Sons of Confederate Veterans, Inc.*, “The First Amendment forbids the government to regulate speech in ways that favor some viewpoints or ideas at the expense of others,” but imposing a requirement of viewpoint-neutrality on government speech would be paralyzing. When a government entity embarks on a course of action, it necessarily takes a particular viewpoint and rejects others. The Free Speech Clause does not require government to maintain viewpoint neutrality when its officers and employees speak about that venture.

Here is a simple example. During the Second World War, the Federal Government produced and distributed millions of posters to promote the war effort. There were posters urging enlistment, the purchase of war bonds, and the conservation of scarce resources. These posters expressed a viewpoint, but the First Amendment did not demand that the Government balance the message of these posters by producing and distributing posters encouraging Americans to refrain from engaging in these activities.

But while the government-speech doctrine is important — indeed, essential — it is a doctrine that is susceptible to dangerous misuse. If private speech could be passed off as government speech by simply affixing a government seal of approval, government could silence or muffle the expression of disfavored viewpoints. For this reason, we must exercise great caution before extending our government-speech precedents.

At issue here is the content of trademarks that are registered by the PTO, an arm of the Federal Government. The Federal Government does not dream up these marks,

and it does not edit marks submitted for registration. Except as required by the statute involved here, [15 U.S.C. § 1052\(a\)](#), an examiner may not reject a mark based on the viewpoint that it appears to express. Thus, unless that section is thought to apply, an examiner does not inquire whether any viewpoint conveyed by a mark is consistent with Government policy or whether any such viewpoint is consistent with that expressed by other marks already on the principal register. Instead, if the mark meets the Lanham Act's viewpoint-neutral requirements, registration is mandatory. *Ibid.* (requiring that “no trademark ... shall be refused registration on the principal register on account of its nature unless” it falls within an enumerated statutory exception). And if an examiner finds that a mark is eligible for placement on the principal register, that decision is not reviewed by any higher official unless the registration is challenged. Moreover, once a mark is registered, the PTO is not authorized to remove it from the register unless a party moves for cancellation, the registration expires, or the Federal Trade Commission initiates proceedings based on certain grounds.

In light of all this, it is far-fetched to suggest that the content of a registered mark is government speech. If the federal registration of a trademark makes the mark government speech, the Federal Government is babbling prodigiously and incoherently. It is saying many unseemly things. It is expressing contradictory views. It is unashamedly endorsing a vast array of commercial products and services. And it is providing Delphic advice to the consuming public.

For example, if trademarks represent government speech, what does the Government have in mind when it advises Americans to “make believe” (Sony), “Think different” (Apple), “Just do it” (Nike), or “Have it your way” (Burger King)? Was the Government warning about a coming disaster when it registered the mark “EndTime Ministries?”

The PTO has made it clear that registration does not constitute approval of a mark. See *In re Old Glory Condom Corp.* (TTAB 1993). (“Issuance of a trademark registration ... is not a government imprimatur”). And it is unlikely that more than a tiny fraction of the public has any idea what federal registration of a trademark means.

None of our government speech cases even remotely supports the idea that registered trademarks are government speech. Trademarks have not traditionally been used to convey a Government message. With the exception of the enforcement of [15 U.S.C. § 1052\(a\)](#), the viewpoint expressed by a mark has not played a role in the decision whether to place it on the principal register. And there is no evidence that the public associates the contents of trademarks with the Federal Government.

This brings us to the case on which the Government relies most heavily, *Walker*, which likely marks the outer bounds of the government-speech doctrine. Holding

that the messages on Texas specialty license plates are government speech, the *Walker* Court cited three factors distilled from *Summum*. First, license plates have long been used by the States to convey state messages. Second, license plates “are often closely identified in the public mind” with the State, since they are manufactured and owned by the State, generally designed by the State, and serve as a form of “government ID.” Third, Texas “maintained direct control over the messages conveyed on its specialty plates.” As explained above, none of these factors are present in this case.

Holding that the registration of a trademark converts the mark into government speech would constitute a huge and dangerous extension of the government-speech doctrine. For if the registration of trademarks constituted government speech, other systems of government registration could easily be characterized in the same way.

Perhaps the most worrisome implication of the Government’s argument concerns the system of copyright registration. If federal registration makes a trademark government speech and thus eliminates all First Amendment protection, would the registration of the copyright for a book produce a similar transformation?

The Government attempts to distinguish copyright on the ground that it is “the engine of free expression,” *Eldred*, but as this case illustrates, trademarks often have an expressive content. Companies spend huge amounts to create and publicize trademarks that convey a message. It is true that the necessary brevity of trademarks limits what they can say. But powerful messages can sometimes be conveyed in just a few words.

Trademarks are private, not government, speech.

B

Omitted

(Court rejected the government’s argument that this case is governed by cases in which this Court has upheld the constitutionality of government programs that subsidized speech expressing a particular viewpoint.)

C

Our cases use the term “viewpoint” discrimination in a broad sense, and in that sense, the disparagement clause discriminates on the bases of “viewpoint.” To be sure, the clause evenhandedly prohibits disparagement of all groups. It applies equally to marks that damn Democrats and Republicans, capitalists and socialists,

and those arrayed on both sides of every possible issue. It denies registration to any mark that is offensive to a substantial percentage of the members of any group. But in the sense relevant here, that is viewpoint discrimination: Giving offense is a viewpoint.

We have said time and again that “the public expression of ideas may not be prohibited merely because the ideas are themselves offensive to some of their hearers.” *Street v. New York*,. See also *Texas v. Johnson* (US 1989) (“If there is a bedrock principle underlying the First Amendment, it is that the government may not prohibit the expression of an idea simply because society finds the idea itself offensive or disagreeable”). *Hustler Magazine, Inc. v. Falwell* (US 1988).

For this reason, the disparagement clause cannot be saved by analyzing it as a type of government program in which some content- and speaker-based restrictions are permitted.

IV

Having concluded that the disparagement clause cannot be sustained under our government-speech or subsidy cases or under the Government’s proposed “government-program” doctrine, we must confront a dispute between the parties on the question whether trademarks are commercial speech and are thus subject to the relaxed scrutiny outlined in *Central Hudson Gas*.

The Government and *amici* supporting its position argue that all trademarks are commercial speech. They note that the central purposes of trademarks are commercial and that federal law regulates trademarks to promote fair and orderly interstate commerce. Tam and his *amici*, on the other hand, contend that many, if not all, trademarks have an expressive component. In other words, these trademarks do not simply identify the source of a product or service but go on to say something more, either about the product or service or some broader issue. The trademark in this case illustrates this point. The name “The Slants” not only identifies the band but expresses a view about social issues.

We need not resolve this debate between the parties because the disparagement clause cannot withstand even *Central Hudson* review. Under *Central Hudson*, a restriction of speech must serve “a substantial interest,” and it must be “narrowly drawn.” This means, among other things, that “the regulatory technique may extend only as far as the interest it serves.” The disparagement clause fails this requirement.

It is claimed that the disparagement clause serves two interests. The first is phrased in a variety of ways in the briefs. Echoing language in one of the opinions below,

the Government asserts an interest in preventing “underrepresented groups” from being “bombarded with demeaning messages in commercial advertising.” An *amicus* supporting the Government refers to “encouraging racial tolerance and protecting the privacy and welfare of individuals.” But no matter how the point is phrased, its unmistakable thrust is this: The Government has an interest in preventing speech expressing ideas that offend. And, as we have explained, that idea strikes at the heart of the First Amendment. Speech that demeans on the basis of race, ethnicity, gender, religion, age, disability, or any other similar ground is hateful; but the proudest boast of our free speech jurisprudence is that we protect the freedom to express “the thought that we hate.”

The second interest asserted is protecting the orderly flow of commerce. Commerce, we are told, is disrupted by trademarks that “involve disparagement of race, gender, ethnicity, national origin, religion, sexual orientation, and similar demographic classification.” Such trademarks are analogized to discriminatory conduct, which has been recognized to have an adverse effect on commerce.

A simple answer to this argument is that the disparagement clause is not “narrowly drawn” to drive out trademarks that support invidious discrimination. The clause reaches any trademark that disparages *any person, group, or institution*. It applies to trademarks like the following: “Down with racists,” “Down with sexists,” “Down with homophobes.” It is not an anti-discrimination clause; it is a happy-talk clause. In this way, it goes much further than is necessary to serve the interest asserted.

The clause is far too broad in other ways as well. The clause protects every person living or dead as well as every institution. Is it conceivable that commerce would be disrupted by a trademark saying: “James Buchanan was a disastrous president” or “Slavery is an evil institution”?

There is also a deeper problem with the argument that commercial speech may be cleansed of any expression likely to cause offense. The commercial market is well stocked with merchandise that disparages prominent figures and groups, and the line between commercial and non-commercial speech is not always clear, as this case illustrates. If affixing the commercial label permits the suppression of any speech that may lead to political or social “volatility,” free speech would be endangered.

For these reasons, we hold that the disparagement clause violates the Free Speech Clause of the First Amendment. The judgment of the Federal Circuit is affirmed.

It is so ordered.

Concurrence

Justice GORSUCH took no part in the consideration or decision of this case. Justice KENNEDY, with whom Justice GINSBURG, Justice SOTOMAYOR, and Justice KAGAN join, concurring in part and concurring in the judgment.

The Patent and Trademark Office (PTO) has denied the substantial benefits of federal trademark registration to the mark THE SLANTS. The PTO did so under the mandate of the disparagement clause in [15 U.S.C. § 1052\(a\)](#), which prohibits the registration of marks that may “disparage ... or bring ... into contempt or disrepute” any “persons, living or dead, institutions, beliefs, or national symbols.”

As the Court is correct to hold, § 1052(a) constitutes viewpoint discrimination — a form of speech suppression so potent that it must be subject to rigorous constitutional scrutiny. The Government’s action and the statute on which it is based cannot survive this scrutiny.

The Court is correct in its judgment, and I join Parts I, II, and III-A of its opinion. This separate writing explains in greater detail why the First Amendment’s protections against viewpoint discrimination apply to the trademark here. It submits further that the viewpoint discrimination rationale renders unnecessary any extended treatment of other questions raised by the parties.

I

Those few categories of speech that the government can regulate or punish — for instance, fraud, defamation, or incitement — are well established within our constitutional tradition. See [United States v. Stevens](#) (US 2010). Aside from these and a few other narrow exceptions, it is a fundamental principle of the First Amendment that the government may not punish or suppress speech based on disapproval of the ideas or perspectives the speech conveys.

The First Amendment guards against laws “targeted at specific subject matter,” a form of speech suppression known as content based discrimination. [Reed v. Town of Gilbert](#), (2015). This category includes a subtype of laws that go further, aimed at the suppression of “[particular views ... on a subject](#).” A law found to discriminate based on viewpoint is an “egregious form of content discrimination,” which is “presumptively unconstitutional.”

At its most basic, the test for viewpoint discrimination is whether — within the relevant subject category — the government has singled out a subset of messages for disfavor based on the views expressed. See [Cornelius v. NAACP Legal Defense](#)

Ed. Fund, Inc., (1985) (“the government violates the First Amendment when it denies access to a speaker solely to suppress the point of view he espouses on an otherwise includible subject”). In the instant case, the disparagement clause the Government now seeks to implement and enforce identifies the relevant subject as “persons, living or dead, institutions, beliefs, or national symbols.” 15 U.S.C. § 1052(a). Within that category, an applicant may register a positive or benign mark but not a derogatory one. The law thus reflects the Government’s disapproval of a subset of messages it finds offensive. This is the essence of viewpoint discrimination.

The Government disputes this conclusion. It argues, to begin with, that the law is viewpoint neutral because it applies in equal measure to any trademark that demeans or offends. This misses the point. A subject that is first defined by content and then regulated or censored by mandating only one sort of comment is not viewpoint neutral. To prohibit all sides from criticizing their opponents makes a law more viewpoint based, not less so. *Rosenberger* (“The ... declaration that debate is not skewed so long as multiple voices are silenced is simply wrong; the debate is skewed in multiple ways”). The logic of the Government’s rule is that a law would be viewpoint neutral even if it provided that public officials could be praised but not condemned. The First Amendment’s viewpoint neutrality principle protects more than the right to identify with a particular side. It protects the right to create and present arguments for particular positions in particular ways, as the speaker chooses. By mandating positivity, the law here might silence dissent and distort the marketplace of ideas.

The Government next suggests that the statute is viewpoint neutral because the disparagement clause applies to trademarks regardless of the applicant’s personal views or reasons for using the mark. Instead, registration is denied based on the expected reaction of the applicant’s audience. In this way, the argument goes, it cannot be said that Government is acting with hostility toward a particular point of view. For example, the Government does not dispute that respondent seeks to use his mark in a positive way. Indeed, respondent endeavors to use The Slants to supplant a racial epithet, using new insights, musical talents, and wry humor to make it a badge of pride. Respondent’s application was denied not because the Government thought his object was to demean or offend but because the Government thought his trademark would have that effect on at least some Asian-Americans.

The Government may not insulate a law from charges of viewpoint discrimination by tying censorship to the reaction of the speaker’s audience. The Court has suggested that viewpoint discrimination occurs when the government intends to suppress a speaker’s beliefs, *Reed, supra* but viewpoint discrimination need not take that form in every instance. The danger of viewpoint discrimination is that the

government is attempting to remove certain ideas or perspectives from a broader debate. That danger is all the greater if the ideas or perspectives are ones a particular audience might think offensive, at least at first hearing. An initial reaction may prompt further reflection, leading to a more reasoned, more tolerant position.

Indeed, a speech burden based on audience reactions is simply government hostility and intervention in a different guise. The speech is targeted, after all, based on the government's disapproval of the speaker's choice of message. And it is the government itself that is attempting in this case to decide whether the relevant audience would find the speech offensive. For reasons like these, the Court's cases have long prohibited the government from justifying a First Amendment burden by pointing to the offensiveness of the speech to be suppressed.

The Government's argument in defense of the statute assumes that respondent's mark is a negative comment. In addressing that argument on its own terms, this opinion is not intended to imply that the Government's interpretation is accurate. From respondent's submissions, it is evident he would disagree that his mark means what the Government says it does. The trademark will have the effect, respondent urges, of reclaiming an offensive term for the positive purpose of celebrating all that Asian-Americans can and do contribute to our diverse Nation. While thoughtful persons can agree or disagree with this approach, the dissonance between the trademark's potential to teach and the Government's insistence on its own, opposite, and negative interpretation confirms the constitutional vice of the statute.

II

The parties dispute whether trademarks are commercial speech and whether trademark registration should be considered a federal subsidy. The former issue may turn on whether certain commercial concerns for the protection of trademarks might, as a general matter, be the basis for regulation. However that issue is resolved, the viewpoint based discrimination at issue here necessarily invokes heightened scrutiny.

"Commercial speech is no exception," the Court has explained, to the principle that the First Amendment "requires heightened scrutiny whenever the government creates a regulation of speech because of disagreement with the message it conveys." *Sorrell*. Unlike content based discrimination, discrimination based on viewpoint, including a regulation that targets speech for its offensiveness, remains of serious concern in the commercial context. See *Bolger Drug*.

To the extent trademarks qualify as commercial speech, they are an example of

why that term or category does not serve as a blanket exemption from the First Amendment's requirement of viewpoint neutrality. Justice Holmes' reference to the "free trade in ideas" and the "power of... thought to get itself accepted in the competition of the market," [*Abrams v. United States*](#), was a metaphor. In the realm of trademarks, the metaphorical marketplace of ideas becomes a tangible, powerful reality. Here that real marketplace exists as a matter of state law and our common-law tradition, quite without regard to the Federal Government. These marks make up part of the expression of everyday life, as with the names of entertainment groups, broadcast networks, designer clothing, newspapers, automobiles, candy bars, toys, and so on. Nonprofit organizations — ranging from medical-research charities and other humanitarian causes to political advocacy groups — also have trademarks, which they use to compete in a real economic sense for funding and other resources as they seek to persuade others to join their cause. To permit viewpoint discrimination in this context is to permit Government censorship.

This case does not present the question of how other provisions of the Lanham Act should be analyzed under the First Amendment. It is well settled, for instance, that to the extent a trademark is confusing or misleading the law can protect consumers and trademark owners. This case also does not involve laws related to product labeling or otherwise designed to protect consumers. See [*Sorrell*](#) ("the government's legitimate interest in protecting consumers from commercial harms explains why commercial speech can be subject to greater governmental regulation than noncommercial speech." These considerations, however, do not alter the speech principles that bar the viewpoint discrimination embodied in the statutory provision at issue here.

It is telling that the Court's precedents have recognized just one narrow situation in which viewpoint discrimination is permissible: where the government itself is speaking or recruiting others to communicate a message on its behalf. The exception is necessary to allow the government to stake out positions and pursue policies. But it is also narrow, to prevent the government from claiming that every government program is exempt from the First Amendment. These cases have identified a number of factors that, if present, suggest the government is speaking on its own behalf; but none are present here.

There may be situations where private speakers are selected for a government program to assist the government in advancing a particular message. That is not this case either. The central purpose of trademark registration is to facilitate source identification. To serve that broad purpose, the Government has provided the benefits of federal registration to millions of marks identifying every type of product and cause. Registered trademarks do so by means of a wide diversity of words, symbols, and messages. Whether a mark is disparaging bears no plausible

relation to that goal. While defining the purpose and scope of a federal program for these purposes can be complex our cases are clear that viewpoint discrimination is not permitted where, as here, the Government “expends funds to encourage a diversity of views from private speakers.”

A law that can be directed against speech found offensive to some portion of the public can be turned against minority and dissenting views to the detriment of all. The First Amendment does not entrust that power to the government’s benevolence. Instead, our reliance must be on the substantial safeguards of free and open discussion in a democratic society.

For these reasons, I join the Court’s opinion in part and concur in the judgment.

Justice THOMAS, concurring in part and concurring in the judgment.

< (On the First Amendment issue, Justice wrote separately because, “I continue to believe that when the government seeks to restrict truthful speech in order to suppress the ideas it conveys, strict scrutiny is appropriate, whether or not the speech in question may be characterized as commercial.”)

Trademark Violations

“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

Viewing the evidence in the light most favorable to Lamothe and Jones, the nonmoving parties, the facts pertinent to this appeal are that 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.

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. We explained that

as a matter of policy, such conduct, like traditional palming off, is wrongful because it involves an attempt to misappropriate or profit from another's talents and workmanship. Moreover, in reverse palming off cases, the originator of the misidentified product is involuntarily deprived of the advertising value of [his] name and the goodwill that otherwise would stem from public knowledge of the true source of the satisfactory product. The ultimate purchaser (or viewer) is also deprived of knowing the true source of the product and may even be deceived into believing that it comes from a different source.

Id. at 607 (citations omitted). 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) (stating in dicta that broadcasting heavily edited version of "Monty Python's Flying Circus" without appropriate disclaimer that authors had not approved editing amounted to violation of section 43(a)); *id.* at 26 (Gurfein, J., concurring) ("So long as it is made clear that the ABC version is not approved by the Monty Python group, there is no misdescription of origin."). 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.

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.

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 “In 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.” Slip Op. at 3.

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.” *Id.* at 3. The district court found that “children 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.” *Id.* This undoubtedly led to the court’s further finding that “consumers 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.” *Id.* at 8.

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 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. Moreover, because we are reviewing the district court’s decision after a bench trial on the merits, we give special deference to the court’s determinations of witness credibility. *Anderson v. City of Bessemer City*, (S.Ct. 1985). With the foregoing in mind, we examine each of the *Polaroid* factors in turn.

Strength of the Mark

There is little doubt that SPAM is a distinctive, widely recognized trademark. Hormel has sold over five billion cans of its luncheon meat under the SPAM mark and invested millions of dollars in advertising. As a result, Hormel has a 75 percent share of the canned meat market and SPAM is eaten in 30 percent of all American homes. Thus, SPAM truly is a household name. 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

Although Henson's wild boar puppet in no way resembles Hormel's luncheon meat or SPAM-man, Hormel contends that depiction of the puppet alone will conjure up the name "Spa'am," because consumers will associate the name that appears in the movie and media with the figure on Henson's merchandise. Thus, Hormel argues, use of the puppet likeness alone is in essence no different than its use in conjunction with its name. However, even combined 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 differences. "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 "clearly ... 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." Slip Op. at 13. It noted that "purchasers of SPAM merchandise would generally be consumers of the luncheon meat," *id.*, and that "consumers 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*." *Id.* at 8. 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. Our opinion in *Universal City Studios, Inc. v. Nintendo Co.*, (2d Cir. 1984) explains why. In that case, the competing marks "King Kong" and "Donkey Kong" appeared in different primary markets — motion pictures and video games respectively. As to secondary products featuring Donkey Kong, we noted that "since the videogame [Donkey Kong] is by far the dominant source of goodwill for these characters, consumer impressions of these other items are likely to be generated by the videogame, diminishing the possibility that the items will create more confusion among consumers than the videogame itself." *Id.* at 117 n. 7. Likewise, the 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 Muppets, 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]." Slip Op. at 17. 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 “customers 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....

This conclusion is strengthened when we consider that Henson's parody undermines any superficial similarities the marks might share. As we noted above, the name “Spa'am” will always appear next to the character likeness and the words “Muppet Treasure Island.” This dissimilarity alone could defeat Hormel's blurring claim, for in order to establish dilution by blurring, the two marks must not only be similar, they “must be ‘very’ or ‘substantially’ similar.” *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, (2d Cir. 1989). Moreover, Henson is not using the name “Spa'am” as a product brand name. Rather, Spa'am is a character in products branded with Henson's own trademark “Muppet Treasure Island.” This tends to dissipate the fear that SPAM will no longer be considered a unique product identifier. Viewed against the backdrop of Henson's transparent parodic intent and the contextual dissimilarity between the two marks, it is clear that use of the name “Spa'am” does not blur Hormel's mark.

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.

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 360-1.

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....

Louis Vuitton has invested millions of dollars and decades of time and effort to create a global recognition that causes consumers to associate the LVM Marks with high-quality, luxury goods emanating exclusively from Louis Vuitton....

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. The complaint

alleges that “many consumers believed the Diophy bag” used in the Film “was, in fact, a genuine Louis Vuitton,” and that Louis Vuitton consented to Warner Bros. “misrepresentation” that the Diophy bag was a genuine Louis Vuitton product. Louis Vuitton claims that its harm has been “exacerbated by the prominent use of the aforementioned scenes and the LVM Marks in commercials and advertisements for the [F]ilm,” and that Alan’s “Lewis Vuitton” line has “become an oft-repeated and hallmark quote from the movie.” Louis Vuitton attaches to the complaint, as Exhibit E, what it claims are “representative Internet references and blog excerpts” demonstrating that consumers mistakenly believe that the Diophy bag is a genuine Louis Vuitton bag.

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, “by using the infringing Diophy bag and affirmatively misrepresenting that it is a Louis Vuitton bag, the public is likely to be confused into believing that the Diophy bag is an authentic Louis Vuitton product and that Louis Vuitton has sponsored and approved Warner Bros.’ use and misrepresentation of the infringing Diophy bag 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 bag 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).^[5]

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.* (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. See *Joseph Burstyn, Inc. v. Wilson* (1952) (holding that motion pictures are protected speech); see also *United States v. United Foods, Inc.* (Sct. 2001) (defining “commercial speech” as “speech that does no more than propose a commercial transaction”).

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); see also *Rock Star Videos, Inc.* (holding that, under *Rogers*, “the level of relevance merely must be above zero”); *Dillinger, LLC v. Elec. Arts Inc.* (S.D.Ind. June 16, 2011) (“It is not the role of the Court to determine how meaningful the relationship between a trademark and the content of a literary work must be; consistent with *Rogers*, any connection whatsoever is enough.”). 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. See *Rogers* (finding that the defendant satisfied the artistic relevance prong where its use of the trademark was “not arbitrarily chosen just to exploit the publicity value of [the plaintiffs’ mark] but instead had genuine relevance to the film’s story”).

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*.

In a footnote, the Court distinguished cases cited by Louis Vuitton, including [*Parks v. LaFace Records*] (http://scholar.google.com/scholar_case?case=11600086449229682086) (6th 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. See *Rogers* (“The title ‘Ginger and Fred’ contains no explicit indication that Rogers endorsed the [defendant’s] film or had a role in producing it.”) (emphasis added) ... see also, e.g., *Walking Mountain* (“The photograph titles do not explicitly mislead as to [plaintiff] Mattel’s sponsorship of [defendant’s] works.”) (emphasis added); *Parks* (“the title ‘Rosa Parks’ makes no explicit statement that the [defendant’s] work is

about that person in any direct sense.”) (emphasis added); *Westchester Media v. PRL USA Holdings, Inc.* (5th Cir. 2000) (finding that consumers could plausibly believe”that [defendant’s magazine] is associated with [plaintiff’s goods]“) (emphasis added); *Twin Peaks*, (“The question then is whether the title is misleading in the sense that it induces members of the public to believe [defendant’s] Book was prepared or otherwise authorized by [the plaintiff].“) (emphasis added); *Cliffs Notes*, (“[W]e do not believe that there is a likelihood that an ordinarily prudent purchaser would think that [defendant’s book] is actually a study guide produced by appellee.”) (emphasis added) ...

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. See *Rogers* (“If such explicit references [signifying endorsement] were used in a title and were false as applied to the underlying work, the consumer’s interest in avoiding deception would warrant application of the Lanham Act, even if the title had some artistic relevance to the work.”). 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*); see also 4 McCarthy on Trademarks and Unfair Competition § 23:11.50 (4th ed.) (“If the defendant does not use the accused designation as defendant’s own identifying trademark, then confusion will usually be unlikely. Then there are not the requisite two similar marks confusing the viewer into believing that the two marks identify a single source.”).

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 confusion 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.*, (2d Cir.1979), a decision whose First Amendment approach *Rogers* expressly declined to follow and which has been criticized by other courts. *Rogers*; see *Parks* (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](#).. 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.*

The other cases Louis Vuitton cites in support of this position are similarly misplaced, because those cases merely cite to the same legal principle that *Dallas Cowboys Cheerleaders* stands for: namely, that the Lanham Act recognizes confusion as to the sponsorship of the defendant's product (in addition to confusion as to the source of it). See [Famous Horse Inc. v. 5th Avenue Photo Inc.](#) (2d Cir. 2010) (finding that the complaint adequately alleged confusion where the defendant implied that plaintiff "was a satisfied customer" of the defendant's goods and services); [Pirone v. MacMillan](#) (2d Cir. 1990) (agreeing with the district court that plaintiff "cannot possibly show confusion as to source or sponsorship of the [defendant's] calendar") (internal quotation marks omitted). Additionally, neither of these cases dealt with noncommercial speech.

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. Specifically, Louis Vuitton does not allege that Warner Bros. used the Diophy bag in order to mislead consumers into believing that Louis Vuitton produced or endorsed the Film. Therefore, the complaint fails to even allege the type of confusion that could potentially overcome the *Rogers* protection.

Even if the Court assumes, *arguendo*, that Louis Vuitton has stated a cognizable claim of confusion, its claim would fail anyway. The Second Circuit in *Rogers* emphasized that when First Amendment values are involved, courts should narrowly construe the Lanham Act and "weigh the public interest in free expression against the public interest in avoiding customer confusion." ... As such,

where an expressive work is alleged to infringe a trademark, “the likelihood of confusion must be *particularly compelling*.” *Twin Peaks* (emphasis added); see also *Westchester Media*.

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. Cf. *Gottlieb Dev. LLC v. Paramount Pictures Corp.* (SDNY 2008) (Chin, J.) (no confusion of plaintiff sponsoring defendant’s film where “it would be difficult for even a keen observer to pick out [plaintiff’s] trademark” since “it appears in the background of the scene” and “occupies only a minute fraction [of] the frame for three segments lasting approximately three seconds each”). 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. Like the appearance of the plaintiff’s mark in *Gottlieb*, the Court finds that the difference between the authentic and knock-off bag is so difficult to even notice, that a claim of confusion under the Lanham Act “is simply not plausible.” *Gottlieb*. 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. See *Twombly* (US 1955). 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.” See *Twin Peaks*.

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.” See *Syler* (quoting *Rogers*).

[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.]

Louis Vuitton maintains that the *Rogers* test cannot be assessed on a motion to dismiss. (Opp. at 14-18.) The Court disagrees. Although many courts have considered the *Rogers* test on a summary judgment motion, not on a motion to dismiss, the circuit has never stated that a court cannot properly apply the *Rogers* test (or the likelihood of confusion factors) on a motion to dismiss. In fact, the Second Circuit has suggested that it would be appropriate “where the court is satisfied that the products or marks are so dissimilar that no question of fact is presented.” ...

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. In a case such as this one, no amount of discovery will tilt the scales in favor of the mark holder at the expense of the public’s right to free expression.

Therefore, even assuming, *arguendo*, that Louis Vuitton could state a cognizable claim of confusion, Warner Bros.’ use of the Diophy bag is protected under *Rogers* because it has some artistic relevance to the Film and is not explicitly misleading.

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](#)

Entertainment Lawyers On Fair Use

Watch this 6-minute YouTube clip of two entertainment lawyers discussing trademark and copyright issues.

[What Filmmakers Should Know About Featuring Logos & Trademarks In An Independent Movie.](#)

A student sent me this YouTube and asked: "Hey, I thought you said that filmmakers should get logos and copyrighted material out of the shot! These lawyers say logos are no problem?"

Keep in mind these are two good lawyers getting paid well to solve rights issues that would not exist if the filmmakers had simply had the guy change his T-shirt. Then you would not need a lawyer on the phone with the E&O insurer, followed by negotiations over insurance contract language.

I'm sure these are two fine lawyers who pride themselves on solving rights issues AFTER the film has been shot and the filmmakers need to get insurance. (No mention about whether the filmmakers had to pay a premium over and above the usual to protect against the increased likelihood of litigation caused by an unnecessary rights issue and how many hours of legal work it took.)

Again, a price worth paying if you *need* that Star Wars logo or trademark because your hero dreams of Luke Skywalker and models his life upon him, but if Star Wars means nothing to your film why put the logo in your shot and risk a completely unnecessary insurance or legal issue?

We know from class and from our book and from *Rogers v. Grimaldi* that you usually MAY use a trademark when it is artistically relevant to your work. So that's not news. (Doesn't mean another Ginger Rogers won't sue you anyway and

lose.) The Disney example they use here is similar; if the filmmakers are making an undercover movie ABOUT Disney. That might make Disney and its trademark and logos artistically relevant. Then care should be taken to make sure that the audience is not confused about whether Disney made or sponsored the film.

Same goes for fair use and copyright. As we discussed you can't stop somebody from suing you for infringement, you simply assert the affirmative defense of fair use. But if you avoid using the copyrighted material in the first place, it's one less thing to worry about and one less issue for insurers or distributors who want to buy your film.