

875 F.2d 994
United States Court of Appeals,
Second Circuit.

Ginger ROGERS, Plaintiff–Appellant,

v.

Alberto GRIMALDI, MGM/UA Entertainment
Co., and PEA Produzioni Europee
Associate, S.R.L., Defendants–Appellees.

Nos. 600, 601, Dockets 88–7826, 88–7828.

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Argued Dec. 22, 1988.

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Decided May 5, 1989.

Synopsis

Suit was brought against producers and distributors of movie “Ginger and Fred” for violation of Lanham Act infringement of common-law rights of publicity and privacy. The United States District Court for the Southern District of New York, Robert W. Sweet, J., [695 F.Supp. 112](#), granted defense motions for summary judgment, and appeal was taken. The Court of Appeals, Jon O. Newman, Circuit Judge, held that: (1) title of movie “Ginger and Fred” gave no explicit indication that Ginger Rogers endorsed film or had role in producing it, and thus was not false advertising of sponsorship or endorsement in violation of Lanham Act, and (2) movie title was closely related to content of movie and was not disguised advertisement for sale of goods or services or collateral commercial product, and thus did not violate Oregon law right of publicity.

Affirmed.

Griesa, District Judge, sitting by designation, filed opinion concurring in result.

Attorneys and Law Firms

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Before NEWMAN and ALTIMARI, Circuit Judges, and GRIESA, District Judge. *

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— The Honorable Thomas P. Griesa of the United States District Court for the Southern District of New York, sitting by designation.

Opinion

JON O. NEWMAN, Circuit Judge:

Appellant Ginger Rogers and the late Fred Astaire are among the most famous duos in show business history. Through their incomparable performances in Hollywood musicals, Ginger Rogers and Fred Astaire established themselves as paragons of style, elegance, and grace. A testament to their international recognition, and a key circumstance in this case, is the fact that Rogers and Astaire are among that small elite of the entertainment world whose identities are readily called to mind by just their first names, particularly the pairing “Ginger and Fred.” This appeal presents a conflict between Rogers’ right to protect her celebrated name and the right of others to express themselves freely in their own artistic work. Specifically, we must decide whether Rogers can prevent the use of the title “Ginger and Fred” for a fictional movie that only obliquely relates to Rogers and Astaire.

Rogers appeals from an order of the District Court for the Southern District of New York (Robert W. Sweet, Judge) dismissing on summary judgment her claims that defendants-appellees Alberto Grimaldi, MGM/UA Entertainment Co., and PEA Produzioni Europee Associate, S.R.L., producers and distributors of the motion picture “Ginger and Fred,” violated the Lanham Act, [15 U.S.C. § 1125\(a\) \(1982\)](#), and infringed her common law rights of publicity and privacy. [Rogers v. Grimaldi](#), [695 F.Supp. 112 \(S.D.N.Y.1988\)](#). Although we disagree with some of the reasoning of the District Court, we affirm.

Background

Appellant Rogers has been an international celebrity for more than fifty years. In 1940, she won an Academy

Award for her performance in the motion picture “Kitty Foyle.” Her principal fame was established in a series of motion pictures in which she co-starred with Fred Astaire in the 1930s and 1940s, including “Top Hat” and “The Barkleys of Broadway.”

There can be no dispute that Rogers' name has enormous drawing power in the entertainment world. Rogers has also used her name once for a commercial enterprise other than her show business career. In the mid-1970s, she licensed J.C. Penney, Inc. to produce a line of GINGER ROGERS lingerie. Rogers is also writing her autobiography, which she hopes to publish and possibly sell for adaptation as a movie.

In March 1986, appellees produced and distributed in the United States and Europe a film entitled “Ginger and Fred,”¹ created and directed by famed Italian filmmaker Federico Fellini. The film tells the story of two fictional Italian cabaret performers, Pippo and Amelia, who, in their heyday, imitated Rogers and Astaire and became known in Italy as “Ginger and Fred.” The film focuses on a televised reunion of Pippo and Amelia, many years after their retirement. Appellees describe the film as the bittersweet story of these two fictional dancers and as a satire of contemporary television variety shows.

¹ Rogers contends that the title is “Ginger and Fred,” while appellees contend that it is “Federico Fellini’s ‘Ginger and Fred.’” Without deciding the issue, we accept Rogers' contention for purposes of this appeal.

The film received mixed reviews and played only briefly in its first run in the United States. Shortly after distribution of the film began, Rogers brought this suit, seeking permanent injunctive relief and money damages. Her complaint alleged that the defendants (1) violated section 43(a) of the Lanham Act, [15 U.S.C. § 1125\(a\) \(1982\)](#), by creating the false impression that the film was about her or that she sponsored, endorsed, or was otherwise involved in the film, (2) violated her common law right of publicity, and (3) defamed her and violated her right to privacy by depicting her in a false light.

After two years of discovery, the defendants moved for summary judgment. In opposition to the motion, Rogers submitted a market research survey purporting to establish that the title “Ginger and Fred” misled potential movie viewers as to Rogers' connection with the film. Rogers also provided anecdotal evidence of confusion,

including the fact that when MGM/UA publicists first heard the film's title (and before they saw the movie), they began gathering old photographs of Rogers and Astaire for possible use in an advertising campaign.

The District Court granted summary judgment to the defendants. Judge Sweet found that defendants' use of Rogers' first name in the title and screenplay of the film was an exercise of artistic expression rather than commercial speech. [695 F.Supp. at 120](#). He then held that “[b]ecause the speech at issue here is not primarily intended to serve a commercial purpose, the prohibitions of the Lanham Act do not apply, and the Film is entitled to the full scope of protection under the First Amendment.” [Id. at 120–21](#). The District Judge also held that First Amendment concerns barred Rogers' state law right of publicity claim. [Id. at 124](#). He also rejected Rogers' “false light” claim without elaboration.

Discussion

I. Lanham Act

Section 43(a) of the Lanham Act creates civil liability for

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 ... and shall cause such goods or services to enter into commerce....

[15 U.S.C. § 1125\(a\) \(1982\)](#).

The District Court ruled that because of First Amendment concerns, the Lanham Act cannot apply to the title of a motion picture where the title is “within the realm of artistic expression,” [695 F.Supp. at 120](#), and is not “primarily intended to serve a commercial purpose,” [id. at 121](#). Use of the title “Ginger and Fred” did not violate the Act, the Court concluded, because of the undisputed artistic relevance of the title to the content of the film. [Id. at 120](#). In effect, the District Court's ruling would create a nearly absolute privilege for movie titles, insulating them from Lanham Act claims as long as the film itself is an artistic work, and the title is relevant to the film's content.

We think that approach unduly narrows the scope of the Act.

Movies, plays, books, and songs are all indisputably works of artistic expression and deserve protection. Nonetheless, they are also sold in the commercial marketplace like other more utilitarian products, making the danger of consumer deception a legitimate concern that warrants some government regulation. See [*Central Hudson Gas & Electric v. Public Service Commission*, 447 U.S. 557, 563, 100 S.Ct. 2343, 2350, 65 L.Ed.2d 341 \(1980\)](#) (“The government may ban forms of communication more likely to deceive the public than inform it ...”); [*Vidal Sassoon, Inc. v. Bristol-Myers Co.*, 661 F.2d 272, 276 n. 8 \(2d Cir.1981\)](#). Poetic license is not without limits. The purchaser of a book, like the purchaser of a can of peas, has a right not to be misled as to the source of the product. *998 Thus, it is well established that where the title of a movie or a book has acquired secondary meaning—that is, where the title is sufficiently well known that consumers associate it with a particular author's work—the holder of the rights to that title may prevent the use of the same or confusingly similar titles by other authors. See, e.g., [*Warner Bros. Pictures, Inc. v. Majestic Pictures Corp.*, 70 F.2d 310 \(2d Cir.1934\)](#); [*Orion Pictures Co. v. Dell Publishing Co.*, 471 F.Supp. 392 \(S.D.N.Y.1979\)](#); [*Dawn Associates v. Links*, 4 Media L.Rep. \(BNA\) 1642, 1645–46 \(N.D.Ill.1978\)](#). Indeed, it would be ironic if, in the name of the First Amendment, courts did not recognize the right of authors to protect titles of their creative work against infringement by other authors. Cf. [*Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 556–60, 105 S.Ct. 2218, 2228–30, 85 L.Ed.2d 588 \(1985\)](#) (noting that copyright law fosters free expression by protecting the right of authors to receive compensation for their work).

Though First Amendment concerns do not insulate titles of artistic works from all Lanham Act claims, such concerns must nonetheless inform our consideration of the scope of the Act as applied to claims involving such titles.² Titles, like the artistic works they identify, are of a hybrid nature, combining artistic expression and commercial promotion. The title of a movie may be both an integral element of the film-maker's expression as well as a significant means of marketing the film to the public. The artistic and commercial elements of titles are inextricably intertwined. Film-makers and authors frequently rely on word-play, ambiguity, irony, and allusion in titling their works. Furthermore, their

interest in freedom of artistic expression is shared by their audience. The subtleties of a title can enrich a reader's or a viewer's understanding of a work. Consumers of artistic works thus have a dual interest: They have an interest in not being misled and they also have an interest in enjoying the results of the author's freedom of expression. For all these reasons, the expressive element of titles requires more protection than the labeling of ordinary commercial products.³

² Several law review articles in recent years have explored the issue of First Amendment limits on trademark protection. See Denicola, [*Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of Trade Symbols*](#), 1982 Wis.L.Rev. 158 (1982); Dorsen, [*Satiric Appropriation and the Law of Libel, Trademark, and Copyright: Remedies Without Wrongs*](#), 65 B.U.L.Rev. 923, 949–52 (1985); Note, [*Trademark Parody: A Fair Use and First Amendment Analysis*](#), 72 Va.L.Rev. 1079 (1986); Kravitz, [*Trademarks, Speech, and the Gay Olympics Case*](#), 69 B.U.L.Rev. 131 (1989).

³ In other respects, trademark law has also accorded greater leeway for the use of titles than for names of ordinary commercial products, thus allowing breathing space for free expression. A confusingly similar title will not be deemed infringing unless the title alleged to be infringed, even if arbitrary or fanciful, has acquired secondary meaning. See [*1 J. McCarthy, Trademarks and Unfair Competition* § 10.2 \(1984\)](#).

Because overextension of Lanham Act restrictions in the area of titles might intrude on First Amendment values, we must construe the Act narrowly to avoid such a conflict. See [*Silverman v. CBS*, 870 F.2d 40, 48 \(2d Cir.1989\)](#); [*Stop The Olympic Prison v. United States Olympic Committee*, 489 F.Supp. 1112 \(S.D.N.Y.1980\)](#); cf. [*Edward J. DeBartolo Corp. v. Florida Gulf Coast Building & Trades Council*, 485 U.S. 568, 108 S.Ct. 1392, 1397, 99 L.Ed.2d 645 \(1988\)](#) (“[T]he Court will construe [a] statute to avoid [serious constitutional problems] unless such construction is plainly contrary to the intent of Congress.”).

Rogers contends that First Amendment concerns are implicated only where a title is so intimately related to the subject matter of a work that the author has no alternative means of expressing what the work is about. This “no alternative avenues of communication” standard

derives from *Lloyd Corp. v. Tanner*, 407 U.S. 551, 566–67, 92 S.Ct. 2219, 2227–28, 33 L.Ed.2d 131 (1972), and has been applied by several courts in the trademark context. See, e.g., *Mutual of Omaha Insurance Co. v. Novak*, 836 F.2d 397, 402 (8th Cir.1987), cert. *999 denied, 488 U.S. 933, 109 S.Ct. 326, 102 L.Ed.2d 344 (1988); *Reddy Communications, Inc. v. Environmental Action Foundation*, 199 U.S.P.Q. (BNA) 630, 634 (D.D.C.1977) (“[W]e do not see how defendant's First Amendment rights will be severely hampered if this one arrow is removed from its quiver.”).

In the context of titles, this “no alternative” standard provides insufficient leeway for literary expression. In *Lloyd*, the issue was whether the First Amendment provided war protesters with the right to distribute leaflets on a shopping center owner's property. The Supreme Court held that it did not. But a restriction on the *location* of a speech is different from a restriction on the *words* the speaker may use. See Denicola, *supra*, at 197. As the Supreme Court has noted, albeit in a different context, “[W]e cannot indulge the facile assumption that one can forbid particular words without running a substantial risk of suppressing ideas in the process.” *Cohen v. California*, 403 U.S. 15, 26, 91 S.Ct. 1780, 1788, 29 L.Ed.2d 284 (1971).⁴

⁴ This Circuit employed the “no alternative avenues of communication” standard in *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir.1979). As we stated in *Silverman*, however, that case involved a pornographic movie with blatantly false advertising. 870 F.2d at 48 n. 5. Advertisements for the movie were explicitly misleadingly, stating that the principal actress in the movie was a former Dallas Cowboys' cheerleader. We do not read *Dallas Cowboys Cheerleaders* as generally precluding all consideration of First Amendment concerns whenever an allegedly infringing author has “alternative avenues of communication.”

Thus, the “no alternative avenues” test does not sufficiently accommodate the public's interest in free expression, while the District Court's rule—that the Lanham Act is inapplicable to all titles that can be considered artistic expression—does not sufficiently protect the public against flagrant deception. We believe that in general the Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free

expression. In the context of allegedly misleading titles using a celebrity's name, that balance will normally not support application of the Act unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.⁵

⁵ This limiting construction would not apply to misleading titles that are confusingly similar to other titles. The public interest in sparing consumers this type of confusion outweighs the slight public interest in permitting authors to use such titles.

The reasons for striking the balance in this manner require some explanation. A misleading title with no artistic relevance cannot be sufficiently justified by a free expression interest. For example, if a film-maker placed the title “Ginger and Fred” on a film to which it had no artistic relevance at all, the arguably misleading suggestions as to source or content implicitly conveyed by the title could be found to violate the Lanham Act as to such a film.

Even where a title surpassed the appropriately low threshold of minimal artistic relevance but was explicitly misleading as to source or content, a violation could be found. To illustrate, some titles—such as “Nimmer on Copyright” and “Jane Fonda's Workout Book”—explicitly state the author of the work or at least the name of the person the publisher is entitled to associate with the preparation of the work. Other titles contain words explicitly signifying endorsement, such as the phrase in a subtitle “an authorized biography.” If such explicit references 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 relevance to the work.

Many titles, however, include a well-known name without any overt indication of authorship or endorsement—for example, the hit song “Bette Davis Eyes,” and the recent film “Come Back to the Five and Dime, Jimmy Dean, Jimmy Dean.” To some people, these titles might implicitly suggest that the named celebrity had endorsed *1000 the work or had a role in producing it. Even if that suggestion is false, the title is artistically relevant to the work. In these circumstances, the slight risk that such use of a celebrity's name might implicitly suggest endorsement or sponsorship to some people is outweighed by the danger of restricting artistic expression, and the Lanham

Act is not applicable. Cf. *Estate of Hemingway v. Random House, Inc.*, 23 N.Y.2d 341, 350, 296 N.Y.S.2d 771, 780, 244 N.E.2d 250, 260 (1968) (holding that estate of Ernest Hemingway had no cause of action for “palming off” or “unfair competition” against author of biographical memoir entitled “Papa Hemingway.”).

Similarly, titles with at least minimal artistic relevance to the work may include explicit statements about the content of the work that are seriously misleading. For example, if the characters in the film in this case had published their memoirs under the title “The True Life Story of Ginger and Fred,” and if the film-maker had then used that fictitious book title as the title of the film, the Lanham Act could be applicable to such an explicitly misleading description of content.⁶ But many titles with a celebrity's name make no explicit statement that the work is about that person in any direct sense; the relevance of the title may be oblique and may become clear only after viewing or reading the work. As to such titles, the consumer interest in avoiding deception is too slight to warrant application of the Lanham Act. Though consumers frequently look to the title of a work to determine what it is about, they do not regard titles of artistic works in the same way as the names of ordinary commercial products. Since consumers expect an ordinary product to be what the name says it is, we apply the Lanham Act with some rigor to prohibit names that misdescribe such goods. See *Johnson & Johnson v. GAC International, Inc.*, 862 F.2d 975 (2d Cir.1988). But most consumers are well aware that they cannot judge a book solely by its title any more than by its cover. We therefore need not interpret the Act to require that authors select titles that unambiguously describe what the work is about nor to preclude them from using titles that are only suggestive of some topics that the work is not about. Where a title with at least some artistic relevance to the work is not explicitly misleading as to the content of the work, it is not false advertising under the Lanham Act.

⁶ In offering this hypothetical and others in this opinion, we intend only to indicate instances where Lanham Act coverage might be available; whether in such instances a violation is established would depend on the fact-finder's conclusions in light of all the relevant facts and circumstances.

This construction of the Lanham Act accommodates consumer and artistic interests. It insulates from restriction titles with at least minimal artistic relevance

that are ambiguous or only implicitly misleading but leaves vulnerable to claims of deception titles that are explicitly misleading as to source or content, or that have no artistic relevance at all.⁷

⁷ We need not consider whether Congress could constitutionally bar the use of all literary titles that are to any extent misleading. Cf. *San Francisco Arts & Athletics, Inc. v. United States Olympic Committee*, 483 U.S. 522, 107 S.Ct. 2971, 97 L.Ed.2d 427 (1987) (holding that the First Amendment does not bar a statute granting the United States Olympic Committee the right to enjoin even non-commercial uses of the word “Olympic”).

With this approach in mind, we now consider Rogers' Lanham Act claim to determine whether appellees are entitled to summary judgment. A federal court may not grant summary judgment “if the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S.Ct. 2505, 2510, 91 L.Ed.2d 202 (1986). “The inquiry ... is ... whether ... there are any genuine factual issues that properly can be resolved only by a finder of fact because they may reasonably be resolved in favor of either party.” *Id.* at 250, 106 S.Ct. at 2511.

Rogers essentially claims that the title “Ginger and Fred” is false advertising. *1001 Relying on her survey data, anecdotal evidence, and the title itself, she claims there is a likelihood of confusion that (1) Rogers produced, endorsed, sponsored, or approved the film, and/or (2) the film is about Rogers and Astaire, and that these contentions present triable issues of fact. In assessing the sufficiency of these claims, we accept Judge Sweet's conclusion, which is not subject to dispute, that the title “Ginger and Fred” surpasses the minimum threshold of artistic relevance to the film's content. The central characters in the film are nicknamed “Ginger” and “Fred,” and these names are not arbitrarily chosen just to exploit the publicity value of their real life counterparts but instead have genuine relevance to the film's story. We consider separately the claims of confusion as to sponsorship and content.

The title “Ginger and Fred” contains no explicit indication that Rogers endorsed the film or had a role in producing it. The survey evidence, even if its validity is assumed,⁸ indicates at most that some members of the public would draw the incorrect inference that Rogers

had some involvement with the film. But that risk of misunderstanding, not engendered by any overt claim in the title, is so outweighed by the interests in artistic expression as to preclude application of the Lanham Act. We therefore hold that the sponsorship and endorsement aspects of Rogers' Lanham Act claim raise no "genuine" issue that requires submission to a jury.

8 The survey sampled 201 people who said they were likely to go to a movie in the next six months. Half of those surveyed were shown a card with the title "Ginger and Fred" on it; the other half were shown an actual advertisement for the movie. Of these 201, 38 percent responded "yes" to the question: "Do you think that the actress, Ginger Rogers, had anything to do with this film, or not?" Of these respondents, a third answered yes to the question: "Do you think Ginger Rogers was involved in any way with making this film or not?" In other words, about 14 percent of the total 201 surveyed found that the title suggested that Rogers was involved in making the film.

Appellees contend that the survey used "leading" questions, making the survey results invalid. Without resolving this issue, we will assume for the purposes of this appeal that the survey was valid.

Rogers' claim that the title misleads consumers into thinking that the film is *about* her and Astaire also fails. Indeed, this case well illustrates the need for caution in applying the Lanham Act to titles alleged to mislead as to content. As both the survey and the evidence of the actual confusion among the movie's publicists show, there is no doubt a risk that some people looking at the title "Ginger and Fred" might think the film was about Rogers and Astaire in a direct, biographical sense. For those gaining that impression, the title is misleading. At the same time, the title is entirely truthful as to its content in referring to the film's fictional protagonists who are known to their Italian audience as "Ginger and Fred." Moreover, the title has an ironic meaning that is relevant to the film's content. As Fellini explains in an affidavit, Rogers and Astaire are to him "a glamorous and care-free symbol of what American cinema represented during the harsh times which Italy experienced in the 1930s and 1940s." In the film, he contrasts this elegance and class to the gaudiness and banality of contemporary television, which he satirizes. In this sense, the title is not misleading; on the contrary, it is an integral element of the film and the filmmaker's artistic expressions.⁹

9 Appellees also contend that advertisements for the film included a disclaimer that the film is fictional and does not depict any real person, living or dead. In light of our resolution of the case, we need not decide whether such a disclaimer would be sufficient to cure an otherwise deceptive title.

This mixture of meanings, with the possibly misleading meaning not the result of explicit misstatement, precludes a Lanham Act claim for false description of content in this case. To the extent that there is a risk that the title will mislead some consumers as to what the work is about, that risk is outweighed by the danger that suppressing an artistically relevant though ambiguous title will unduly restrict expression.

For these reasons, we hold that appellees are entitled to summary judgment on Rogers' *1002 claim that the title gives the false impression that the film is about Rogers and Astaire.

II. State Law Claims

A. Right of Publicity

Because the District Judge decided Rogers' state law claims on the ground of broad First Amendment protection, he did not decide which state's law applies to those claims. 695 F.Supp. at 121 n. 5. Although we reach the same result as the District Court, we think the correct approach is to decide the choice of law issue first and then to determine if Rogers has a triable claim under the applicable substantive law, before reaching constitutional issues.

A federal court sitting in diversity or adjudicating state law claims that are pendent to a federal claim must apply the choice of law rules of the forum state. Klaxon Co. v. Stentor Electric Manufacturing Co., 313 U.S. 487, 496, 61 S.Ct. 1020, 1021, 85 L.Ed. 1477 (1941); Colgate Palmolive Co. v. S/S Dart Canada, 724 F.2d 313, 316 (2d Cir.1983), cert. denied, 466 U.S. 963, 104 S.Ct. 2181, 80 L.Ed.2d 562 (1984). The New York Court of Appeals has clearly stated that "right of publicity" claims are governed by the substantive law of the plaintiff's domicile because rights of publicity constitute personalty. Southeast Bank, N.A. v. Lawrence, 66 N.Y.2d 910, 498 N.Y.S.2d 775, 489 N.E.2d 744 (1985). Rogers is an Oregon domiciliary, and thus Oregon law governs this claim.

Oregon courts, however, have not determined the scope of the common law right of publicity in that state. The Supreme Court of Oregon discussed the “right to publicity” in dictum in [Anderson v. Fisher Broadcasting Cos.](#), 300 Or. 452, 712 P.2d 803, 812 (1986) (in banc), a case involving a right of privacy claim, but there are no reported decisions of any Oregon court on a right of publicity claim. We are therefore obliged to engage in the uncertain task of predicting what the New York courts would predict the Oregon courts would rule as to the contours of a right of publicity under Oregon law.¹⁰

¹⁰ This two-step process of divining the law of the foreign state to which the forum state's conflicts rules direct us appears to be a consequence both of *Klaxon* and of the fundamental tenet of diversity jurisdiction, equally applicable to the exercise of pendent jurisdiction over state law claims, that the federal court is “only another court of the State.” [Guaranty Trust Co. v. York](#), 326 U.S. 99, 108, 65 S.Ct. 1464, 1469, 89 L.Ed. 2079 (1945); see also [Bernhardt v. Polygraphic Co. of America](#), 350 U.S. 198, 203, 76 S.Ct. 273, 276, 100 L.Ed. 199 (1956); [Commissioner v. Estate of Bosch](#), 387 U.S. 456, 465, 87 S.Ct. 1776, 1782–83, 18 L.Ed.2d 886 (1967) (state law issue in federal question case). The two-step process was given its well-known formulation when Judge Friendly stated that our Court's task is “to determine what the New York courts would think the California courts would think on an issue about which neither had thought.” [Nolan v. Transocean Air Lines](#), 276 F.2d 280, 281 (2d Cir.1960), remanded, 365 U.S. 293, 81 S.Ct. 555, 5 L.Ed.2d 571 (1961), adhered to, 290 F.2d 904 (2d Cir.), cert. denied, 368 U.S. 901, 82 S.Ct. 177, 7 L.Ed.2d 96 (1961); see also [Allstate Insurance Co. v. Employers Liability Assurance Corp.](#), 445 F.2d 1278, 1278 (5th Cir.1971).

On some occasions, however, we appear to have used a one-step process, making our own determination as to the content of the law of the foreign jurisdiction, without pausing to inquire what the forum state's courts would say the foreign state's courts would say. See, e.g., [Metz v. United Technologies Corp.](#), 754 F.2d 63, 66–67 (2d Cir.1985) (New York forum; Louisiana substantive law); [Entron, Inc. v. Affiliated FM Insurance Co.](#), 749 F.2d 127, 131–32 (2d Cir.1984) (New York forum; New Jersey substantive law); [Perlman v. Feldmann](#), 219 F.2d 173, 175–78 (2d Cir.) (Connecticut forum; Indiana substantive law), cert. denied, 349 U.S. 952, 75 S.Ct. 880, 99 L.Ed. 1277 (1955). The truncated approach also appears to

have been used in [Factors Etc., Inc. v. Pro Arts, Inc.](#), 652 F.2d 278 (2d Cir.1981), cert. denied, 456 U.S. 927, 102 S.Ct.1973, 72 L.Ed.2d 442 (1982), where we accepted the Sixth Circuit's view of Tennessee law, without inquiring whether New York, the forum state, would have given similar deference to the circuit in which the pertinent foreign state was located. See also [id. at 284](#) (Mansfield, J., dissenting) (declining to defer to Sixth Circuit view of Tennessee law but also not inquiring what New York courts would do).

Perhaps the one-step cases reflect an implicit assumption that the forum state would consult the same materials surveyed by the federal court and make the same prediction as to the content of the foreign state's law, though, as we discuss below, that assumption is not always warranted, especially where New York is the forum state. But see [Essex Universal Corp. v. Yates](#), 305 F.2d 572, 580 (2d Cir.1962) (Friendly, J., concurring) (citing [Perlman v. Feldmann](#), *supra*, as an example of a federal court having the “freedom” to make its own determination of foreign (Indiana) law, a freedom used “to good effect”).

***1003** At one time the New York courts, confronting an issue arising under the law of another state and having no clear indication of the foreign law, applied a presumption that “the common law of a sister state ... is the same as our own.” [International Text–Book Co. v. Connelly](#), 206 N.Y. 188, 200–01, 99 N.E. 722 (1912); see also [Zwirn v. Galento](#), 288 N.Y. 428, 432, 43 N.E.2d 474 (1942). However, that presumption arose from a rule of evidence, the State's rule prohibiting a court from taking judicial notice of the law of another state. In 1943, New York by statute accorded its courts discretion to take judicial notice of foreign law, see [Pfleuger v. Pfleuger](#), 304 N.Y. 148, 106 N.E.2d 495 (1952), and in 1963 required such judicial notice. [N.Y.Civ.Prac.L. & R. 4511\(a\)](#) (McKinney 1963). Though New York courts usually now recognize their obligation to take judicial notice of the law of another state, see, e.g., [Monko v. Cicoria](#), 46 Misc.2d 565, 260 N.Y.S.2d 70 (Sup.Ct.1965), some New York courts still appear to be applying the pre–1963 law, even citing *International Text–Book* for the proposition that foreign law may or even must be presumed to be the same as New York's in the absence of proof to the contrary in the record. See, e.g., [Knieriemen v. Bache Halsey Stuart Shields Inc.](#), 74 A.D.2d 290, 427 N.Y.S.2d 10, 15 (1st Dep't), appeal dismissed, 51 N.Y.2d 970, 435 N.Y.S.2d 720, 416 N.E.2d 1055 (1980); [Banco Do Brasil, S.A. v. Calhoon](#), 50 Misc.2d 512, 270 N.Y.S.2d 691, 696 (Sup.Ct.1966).

There thus remains some ambiguity in the New York cases as to whether that State's courts, encountering an issue that turns on unsettled law of another state, will apply a presumption of similarity with New York law because of the remaining influence of the pre-1943 evidentiary cases that barred judicial notice of foreign law or will predict, as a matter of substantive interpretation, that the foreign state will adopt a rule similar to New York's. The distinction can have significance for a diversity court because it is not bound by a state's judicial notice rules, see *Simmons v. Continental Casualty Co.*, 410 F.2d 881, 884 (8th Cir.1969); *Zell v. American Seating Co.*, 138 F.2d 641, 643 n. 6 (2d Cir.1943), *rev'd on other grounds*, 322 U.S. 709, 64 S.Ct. 1053, 88 L.Ed. 1552 (1944); 1A Pt. 2 *Moore's Federal Practice* ¶ 0.316[4] (1987), but is obliged to apply whatever substantive standards the forum state uses in predicting the content of foreign law.

Indeed, our own cases have not taken a consistent approach to New York's presumption of similarity of foreign law in diversity cases in which New York is the forum state. On occasion, we have applied the presumption, apparently viewing it as a substantive rule of interpretation; in other cases, we have ignored it and made our own determination of what we think will emerge as the law of a foreign state. Compare *Sagamore Corp. v. Diamond West Energy Corp.*, 806 F.2d 373, 377 (2d Cir.1986), and *Colgate Palmolive Co. v. S/S Dart Canada*, 724 F.2d at 317, with *Plummer v. Lederle Laboratories*, 819 F.2d 349, 355 (2d Cir.), *cert. denied*, 484 U.S. 898, 108 S.Ct. 232, 98 L.Ed.2d 191 (1987), and *Metz v. United Technologies Corp.*, 754 F.2d 63, 66 (2d Cir.1985). We believe that New York courts would, as a matter of substantive interpretation, presume that the unsettled common law of another state would resemble New York's but that they would examine the law of the other jurisdiction and that of other states, as well as their own, in making an ultimate determination as to the likely future content of the other jurisdiction's law. See *In re Estate of Havemeyer*, 17 N.Y.2d 216, 270 N.Y.S.2d 197, 217 N.E.2d 26 (1966); *Strain v. Seven Hills Associates*, 75 A.D.2d 360, 429 N.Y.S.2d 424, 430 (1st Dep't 1980). That is the task we now undertake.

The common law right of publicity, where it has been recognized, grants celebrities an exclusive right to control the commercial value of their names and to prevent *1004 others from exploiting them without permission.

See *Bi-Rite Enterprises v. Button Master*, 555 F.Supp. 1188, 1198–99 (S.D.N.Y.1983). Because the right of publicity, unlike the Lanham Act, has no likelihood of confusion requirement, it is potentially more expansive than the Lanham Act. See Denicola, *supra*, at 160–66. Perhaps for that reason, courts delineating the right of publicity, more frequently than in applying the Lanham Act, have recognized the need to limit the right to accommodate First Amendment concerns. *Id.* at 198 & n. 171 (citing cases).

In particular, three courts, citing their concern for free expression, have refused to extend the right of publicity to bar the use of a celebrity's name in the title and text of a fictional or semi-fictional book or movie. See *Hicks v. Casablanca Records*, 464 F.Supp. 426 (S.D.N.Y.1978); *Frosch v. Grosset & Dunlop, Inc.*, 75 A.D.2d 768, 427 N.Y.S.2d 828 (1st Dep't 1980); *Guglielmi v. Spelling-Goldberg Productions*, 25 Cal.3d 860, 160 Cal.Rptr. 352, 603 P.2d 454, 455 (1979) (Bird, C.J., concurring).¹¹

¹¹ Commentators have also advocated limits on the right of publicity to accommodate First Amendment concerns. See, e.g., Treece, *Commercial Exploitation of Names, Likenesses, and Personal Histories*, 51 *Tex.L.Rev.* 637 (1973).

Guglielmi involved a suit by a nephew of the late film star Rudolph Valentino to bar a television broadcast entitled “Legend of Valentino: A Romantic Fiction” as a violation of Valentino's right of publicity. The Court dismissed the action for failure to state a claim. In a concurrence joined by three members of the Court, Chief Justice Bird stated: “[P]rominence invites creative comment. Surely, the range of free expression would be meaningfully reduced if prominent persons in the present and recent past were forbidden topics for the imaginations of authors of fiction.” 160 Cal.Rptr. at 358, 603 P.2d at 460.¹²

¹² The majority of the in banc court did not discuss the First Amendment issues, rejecting the claim instead on the ground that the right of publicity expires on the death of the person protected. 160 Cal.Rptr. at 353, 603 P.2d at 455.

Chief Justice Bird noted that a cause of action might have existed had the defendant, for example, published “Rudolph Valentino's Cookbook,” and neither the recipes nor the menus described were in any fashion related to

Valentino. *Id.* at 355 n. 6, 603 P.2d at 457 n. 6. But she said that as long as the use of a celebrity's name was not “wholly unrelated” to the individual nor used to promote or endorse a collateral commercial product, the right of publicity did not apply. *Id.* Similarly, New York's Appellate Division said in *Frosch* that the right of publicity did not bar the use of a celebrity's name in a title so long as the item was a literary work and not “simply a disguised commercial advertisement for the sale of goods or services.” 427 N.Y.S.2d at 829.

We think New York would recognize similar limits in Oregon law on the right of publicity. We note, for example, that the Oregon Supreme Court has on occasion interpreted the free speech clause of the Oregon Constitution as providing broader protection for free expression than that mandated by the federal Constitution. Compare *Wheeler v. Green*, 286 Or. 99, 593 P.2d 777, 788–89 (1979) (holding that [Article I, § 8 of the Oregon Constitution](#) prohibits punitive damages in defamation cases), with *Gertz v. Robert Welch, Inc.*, 418 U.S. 323, 94 S.Ct. 2997, 41 L.Ed.2d 789 (1974) (holding that states may impose punitive damages for defamation where the plaintiff proves knowing falsity or reckless disregard for the truth). In light of the Oregon Court's concern for the protection of free expression, New York would not expect Oregon to permit the right of publicity to bar the use of a celebrity's name in a movie title unless the title was “wholly unrelated” to the movie or was “simply a disguised commercial advertisement for the sale of goods or services.”

Here, as explained above, the title “Ginger and Fred” is clearly related to the content of the movie and is not a disguised advertisement for the sale of goods or services *1005 or a collateral commercial product. We therefore hold that under Oregon law the right of publicity does not provide relief for Rogers' claim.¹³

¹³ As in our ruling on the Lanham Act claim, we need not, and do not, reach the issue of whether the First Amendment would preclude a state from giving broader application to the right of publicity. The Supreme Court explored the First Amendment limits on the right of publicity in *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 97 S.Ct. 2849, 53 L.Ed.2d 965 (1977), holding that the First Amendment does not preclude an award of damages to a performer for violation of the right of

publicity where a television news program broadcasts a performer's entire act. But the Court explicitly recognized each state's authority to define the right more narrowly. *Id.* at 578–79, 97 S.Ct. at 2859.

B. False–Light Defamation

Rogers claims that the film portrays her in a false light by depicting the dance pair in the film in a tawdry and “seedy” manner. Complaint, ¶ 18. We need not dwell long on this claim, nor need we decide which state's law governs it. The film is manifestly not about Rogers. It is about a pair of fictional characters who are like Rogers and Astaire only in their imagination and in the sentimental eyes of their fictional audience. We know of no state law that provides relief for false-light defamation against a work that clearly does not portray the plaintiff at all.

Conclusion

In sum, we hold that section 43(a) of the Lanham Act does not bar a minimally relevant use of a celebrity's name in the title of an artistic work where the title does not explicitly denote authorship, sponsorship, or endorsement by the celebrity or explicitly mislead as to content. Similarly, we conclude that Oregon law on the right of publicity, as interpreted by New York, would not bar the use of a celebrity's name in a movie title unless the title was “wholly unrelated” to the movie or was “simply a disguised commercial advertisement for the sale of goods or services.” Under these standards, summary judgment was properly entered on the undisputed facts of this case, rejecting the Lanham Act and right of publicity claims, as well as the claim for false-light defamation.

We therefore affirm the judgment of the District Court.

GRIESA, District Judge, concurring in the result:

I concur with the result reached in the majority opinion, but have substantial disagreement with the opinion otherwise.

At the outset, a brief word about the development of the issues is in order.

The original claim of Rogers, as stated in the complaint, did not have any separate allegation about the title of the film as such. The complaint was directed against “the Film.” The first cause of action, claiming violation

of Rogers' right of publicity, was directed against the production and distribution of the Film. The second alleged that the Film depicted Rogers in a false light. The third cause of action, under the Lanham Act, was directed against the Film and its advertising. In her submissions on the summary judgment motion, Rogers focused mainly on the alleged wrongdoing of defendants in entitling the Film and in promoting and advertising the Film.

Judge Sweet's opinion treated the issue as relating to "the Film's title and screenplay." He discussed promotion and advertising, but not as a significant separate claim. His holding was that the Film (including the title and the screenplay) is entitled to First Amendment protection and does not violate the Lanham Act or state law rules.

On appeal, the only issues raised by Rogers relate to the title and to the advertising and promotion. No claim is made regarding the screenplay. The only issue dealt with in the majority opinion is that relating to the title. I have no objection to this feature of the majority opinion. My objection is to how the issue is handled.

Lanham Act

According to the majority, Judge Sweet's Lanham Act ruling creates a broad immunity *1006 which would prevent a remedy in instances of "flagrant deception." To deal with this problem, the majority attempts to set out more precise standards by which lawful titles are to be differentiated from unlawful ones. It is said that the Lanham Act

... should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.

To implement this vague and fluid test, the majority goes on to articulate two specific rules. *First*, titles which are artistically relevant to an underlying work but are "explicitly misleading" violate the Lanham Act. *Second*, titles which are artistically relevant but "ambiguous or only implicitly misleading" do not violate the Lanham Act.

I do not believe that anything in Judge Sweet's opinion, sensibly read, would interfere with the protection of the public against "flagrant deception." But whatever may be the problem with Judge Sweet's opinion, the cure offered by the majority is far worse than the ailment.

Judge Sweet's reasoning can be briefly summarized as follows. Since the two main characters of the Film, Pippo and Amelia, are depicted as having made their living by imitating Ginger Rogers and Fred Astaire, there is, in a unique but entirely lawful manner, a reference to Ginger Rogers in the Film. The name "Ginger" is relevant to both the Film's screenplay and its title. The screenplay and title are within the realm of artistic expression, and are thus entitled to an appropriately broad measure of protection under the First Amendment, a level of protection greater than would be accorded if this were commercial speech. The possibility that alternate avenues of expression might have been used does not create a valid Lanham Act claim. The judge noted that there is nothing in the record to suggest an intention to use Ginger Rogers' name to deceive the public into coming to the movie under the mistaken belief that it was about the true Rogers and Astaire. 695 F.Supp. 113, 120–21.

The essential points of Judge Sweet's rationale are echoed in the majority opinion, which states that the title "is an integral element of the film and the film-maker's artistic expression," and that "the expressive element of titles requires more protection than the labeling of ordinary commercial products." However, the majority opinion expresses the concern that the district court's ruling would create "a nearly absolute privilege for movie titles," because of what are thought to be broad statements about the First Amendment protection accorded to artistic speech as distinct from commercial speech.

In my view, this concern is unfounded. Judge Sweet's discussion of First Amendment protection for artistic expression was his basis for deciding *this case*. He did not purport to write a treatise or attempt to say how various other cases with different facts should be treated. This is not to say that the ruling would not, justifiably, have some general precedential effect. It is undoubtedly true that most titles which are artistically relevant to the underlying work would be protected under the First Amendment from Lanham Act claims. However, Judge Sweet did not purport to write the law covering all possible situations.

The problem of an overly expansive ruling really lies with the majority opinion and its unfortunate attempt to establish a rule based on the asserted difference between explicitly misleading titles and those which are ambiguous or only implicitly misleading.

All the judges involved here agree that the title “Ginger and Fred” does not violate the Lanham Act. Although the title may mean different things to different people, the artistic relationship between the title and the Film protects both from the strictures of the statute.

However, this unique case would seem to be an inappropriate vehicle for fashioning a general rule of the kind announced by the majority. The unusual circumstances here do not provide a valid illustration of the general proposition (which I regard as dubious indeed) that there is a legal boundary between implicitly misleading titles and explicitly *1007 misleading ones. The majority opinion does not use the facts of this case to define the asserted distinction, but seeks to give substance to the announced rule through the use of certain hypothetical examples.

The majority attempts to give illustrations of titles which would be artistically relevant but explicitly misleading. It is said that if the titles “Nimmer on Copyright” and “Jane Fonda’s Workout Book” were used in a manner which was “false as applied to the underlying work” there would be liability under the Lanham Act. But these examples really go nowhere. It is not specified what the underlying works would be where such titles would be false but “artistically relevant.” The simple fact is that if either of these titles was used in connection with some bogus work, it would be a simple case of the copying of a legally protected title. See *Warner Bros. Pictures, Inc. v. Majestic Pictures Corp.*, 70 F.2d 310 (2d Cir.1934); *Orion Pictures Co. v. Dell Publishing Co.*, 471 F.Supp. 392 (S.D.N.Y.1979). Thus the illustrations have nothing whatever to do with the kind of problem under discussion here.

The majority opinion states that, in the present case, the title would have been explicitly misleading if it had been “The True Life Story of Ginger and Fred.” Of course, this awkward assemblage could hardly be expected to come under the consideration of a director such as Fellini. If, by some strange circumstance, it had been used, and if the majority opinion’s legal doctrine were applied to it, lawyers might debate extensively about whether it was

indeed misleading, and if so, whether it fell into the explicit or the implicit category. But the fact is that the example does not pose a realistic legal problem.

Coming to the other branch of the rule created by the majority, the opinion attempts to give illustrations of titles which would be artistically relevant and implicitly misleading—*i.e.*, which “impliedly suggest that the named celebrity had endorsed the work or had a role in producing it.” The examples given are the song “Bette Davis Eyes” and the film “Come Back to the Five and Dime, Jimmy Dean, Jimmy Dean.” But these examples in no way illustrate the majority’s proposition. No one can seriously think that these titles imply or suggest that Bette Davis or James Dean endorsed or had a role in producing the song or the film.

In my view, the rule of the majority opinion, involving the two purported categories, is not well founded. It should be left to future courts, dealing with real cases, to determine if there are to be exceptions to the First Amendment protection which would seem to be generally afforded to artistically relevant titles. To say the least, the hypotheticals in the majority opinion are a poor basis for arriving at serious legal propositions. When and if an actual case arises, it may not fit within either of the categories posited by the majority. Also, it is most likely that the distinction between explicitly and implicitly misleading titles will prove to be unsound and unworkable.

State Law Claims

A respectable common sense approach to choice of law problems is simply to avoid them when it is clear that the law of the various jurisdictions under consideration is the same. There is a sufficient discussion of the law dealing with the right to publicity in *Anderson v. Fisher Broadcasting*, 300 Or. 452, 712 P.2d 803, 812 (1986), to indicate that the law of Oregon on this subject is basically no different from that expressed in the New York, California and federal decisions relied on by Judge Sweet and in the majority opinion. Judge Sweet sensibly avoided a lengthy excursion into the subject of choice of law.

All Citations

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996 F.2d 1366
United States Court of Appeals,
Second Circuit.

[TWIN PEAKS PRODUCTIONS, INC.](#),
Plaintiff–Appellee–Cross–Appellant,

v.

PUBLICATIONS INTERNATIONAL, LTD., Louis
N. Weber, Scott Knickelbine, and [Penguin USA,
Inc.](#), Defendants–Appellants–Cross–Appellees.

Nos. 919, 1392, Dockets 92–7933, 92–7985.

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Argued March 1, 1993.

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Decided June 7, 1993.

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As Amended July 6, 1993.

Synopsis

Owner of trademark and copyrighted television series sued book author and publisher for alleged copyright and trademark infringement, unfair competition, and injury to business reputation. The United States District Court for the Southern District of New York, [John S. Martin, Jr., J.](#), [778 F.Supp. 1247](#), found that book infringed on exclusive right to prepare copies and derivative works, and appeal was taken. The Court of Appeals, [Jon O. Newman](#), Circuit Judge, held that: (1) book containing detailed summary of plots of episodes of television program was not fair use of teleplays; (2) book reported plots in detail which risked impairment of market for copyrighted works themselves or derivative use; and (3) where copyright holder had elected statutory damages, it gave up right to seek actual damages and could not renew that right on appeal.

Affirmed in part; vacated in part; remanded.

Attorneys and Law Firms

***1370** [Dorothy M. Weber](#), New York City (Eugene L. Girden, [Margaret Ferguson](#), Shukat Hafer & Weber, on the brief), for defendants-appellants-cross-appellees.

[Richard Lehy](#), New York City (Weiss Dawid Fross Zelnick & Lehrman, on the brief), for plaintiff-appellee-cross-appellant.

Before: [NEWMAN](#) and [WINTER](#), Circuit Judges, and [CARMAN](#),* Judge, United States Court of International Trade.

*
— The Honorable Gregory W. Carman, sitting by designation.

Opinion

[JON O. NEWMAN](#), Circuit Judge:

This appeal requires adjustment of the competing rights of authors under circumstances where the work of a second author contains both comment on a well-known work of a first author and substantial portions of the normally protectable expression contained in the first work. The appeal presents several copyright and trademark issues arising out of defendants' publication of a book about plaintiff's popular television program "Twin Peaks." The major copyright issue is whether a book containing a detailed summary of the plot of a fictional work constitutes fair use of the fictional work. We must also decide questions concerning the scope of trademark protection for literary titles and several issues concerning copyright damages.

The issues arise on the appeal of defendants Publications International, Ltd. ("PIL"), Louis N. Weber, Scott Knickelbine, and Penguin USA, Inc. and the cross-appeal of plaintiff Twin Peaks Productions, Inc. ("TPP") from the July 29, 1992, judgment of the District Court for the Southern District of New York (John S. Martin, Jr., Judge) finding that the defendants' book infringed copyrights in the scripts for several episodes of the television program "Twin Peaks" and also infringed the trademark [TWIN PEAKS](#). [778 F.Supp. 1247 \(1991\)](#). The judgment enjoined publication of the book and use of the trademark, and awarded damages and attorney's fees totaling nearly \$280,000. We affirm as to copyright liability, vacate and remand as to trademark liability, affirm as to copyright damages, and vacate and remand as to attorney's fees.

Background

"Twin Peaks" premiered on ABC in April 1990. The first eight episodes received high ratings—up to a third of the nation's television viewers—and extensive positive press

coverage. See William Grimes, *Welcome to Twin Peaks and Valleys*, N.Y. Times, May 5, 1991, § 2, at 1. The second season of the show was far less successful, leading to its cancellation in June 1991. The producer of the show, TPP (formerly Lynch/Frost Productions) obtained copyright registrations and owns the unregistered trademark TWIN PEAKS.

In October 1990, PIL published “Welcome to Twin Peaks: A Complete Guide to Who's Who and What's What” (“the Book”), based on the first eight episodes. The 128–page book has seven chapters, dealing with, respectively, (1) the popularity of the show; (2) the characters and the actors who play them; (3) the plots of the eight episodes, some commentary on the plots, and “unanswered questions”; (4) David Lynch, the creator of the show; (5) Mark Frost, the producer of the show, and Snoqualmie, Washington, the location of the show; (6) the music of the show; and (7) trivia questions and quotations constituting the “wit and wisdom of Agent Cooper,” one of the characters. The cover of the book contains a disclaimer, indicating that PIL is not affiliated with Lynch/Frost *1371 Productions, ABC, and various other entities. The book was written by defendant Scott Knickelbine and distributed by defendant Penguin USA, Inc., under its SIGNET imprint. Defendant Louis N. Weber is the president of PIL.

Upon publication, PIL was threatened with a copyright action by Simon & Schuster, which holds certain book rights to the “Twin Peaks” programs. PIL responded by instituting a declaratory judgment action against Simon & Schuster in the Northern District of Illinois. TPP made its own demand that PIL cease production of the Book, and PIL amended its complaint in the declaratory judgment action to add TPP as a defendant. TPP moved successfully to dismiss the action against it for lack of personal jurisdiction. See *Publications International, Ltd. v. Simon & Schuster, Inc.*, 763 F.Supp. 309 (N.D.Ill.1991). The litigation between PIL and Simon & Schuster was settled in February 1991 by an agreement allowing PIL to continue publication of the Book with certain modifications.

TPP then filed the instant action in the Southern District of New York, alleging copyright infringement, trademark infringement, unfair competition, and trademark dilution. The parties cross-moved for summary judgment on liability, stipulating that there were no disputed issues of

fact. The District Court found for TPP on the copyright, trademark, and unfair competition claims, and for PIL on the trademark dilution claim. The Court rejected fair use and First Amendment defenses asserted by PIL. The parties then agreed to submit the damages issues on papers, but PIL subsequently requested an evidentiary hearing limited to the issue of willfulness. Following this hearing, the District Court determined that PIL had willfully infringed TPP's copyrights. The Court enjoined further copyright or trademark violations, and awarded TPP the following damages: (1) against PIL, either statutory damages of \$120,000 or actual damages (based on a reasonable royalty) of \$125,000, at TPP's option; (2) against Penguin, \$26,584, constituting Penguin's profits; (3) against Knickelbine, \$3,000, constituting his profits; and (4) against PIL, \$130,324.25 in attorney's fees, constituting TPP's fees in both the Illinois and New York actions. The Court also determined that PIL's profits were \$52,108, but declined to award this sum in addition to statutory damages or a reasonable royalty.

On appeal, PIL attacks the findings of copyright and trademark liability, the finding of willfulness, several aspects of the calculation of damages, and the award of attorney's fees. In its cross-appeal, TPP contends that it should have been awarded PIL's profits in addition to actual damages. TPP also seeks to recover fees expended on this appeal.

Discussion

I. Copyright Liability

Initially, we note some confusion in TPP's identification of the works alleged to be infringed. The complaint alleges copying of “the Program,” a phrase used in the complaint to mean the “television series entitled ‘Twin Peaks.’ ” There is no claim in the complaint that the videotapes of the episodes as televised were ever registered. Judge Martin's opinion granting summary judgment found infringement of the copyright in the teleplays (scripts), but the injunction prohibits infringing the copyrights in the “program.” At oral argument in this Court, in response to a question, TPP said that copyright registrations had been obtained only for the teleplays. However, in a post-argument submission, TPP sought to correct that response. TPP asserted that a copyright registration had been obtained for the script of the first episode, that copyright registrations had been obtained for the televised

videotapes of the seven subsequent episodes, and that a separate copyright registration had later been obtained for the televised videotape of the first episode. As the ensuing discussion reveals, our disposition of the copyright issues is ultimately unaffected whether TPP's registrations apply to the teleplays, to the televised episodes, or, as alleged for the first episode, to both the teleplay and the televised episode.

A. Prima facie copyright liability

PIL first makes several related attacks on the District Court's determination *1372 that, at least absent a fair use or First Amendment defense, PIL infringed TPP's copyrights. To make out a *prima facie* case of copyright liability, the copyright holder must prove "ownership of a valid copyright, and ... copying of constituent elements of the work that are original." [Feist Publications, Inc. v. Rural Telephone Service Co.](#), 499 U.S. 340, —, 111 S.Ct. 1282, 1296, 113 L.Ed.2d 358 (1991). The plaintiff may establish copying either by direct evidence or by showing that the defendant had access to the plaintiff's work and that the two works are substantially similar. See [Novelty Textile Mills, Inc. v. Joan Fabrics Corp.](#), 558 F.2d 1090, 1092 (2d Cir.1977).¹ PIL contends that the District Court erred in finding that PIL had access to the teleplays, that substantial similarity existed between the Book and the teleplays, and that the Book was a derivative work of the teleplays.

¹ Professor Nimmer has argued that doctrinal clarity would be served by separating the copying and substantial similarity inquiries. He contends, endorsing Professor Latman's approach, that the copyright holder should first be required to show copying, either by direct evidence of copying or by the combination of access and "probative similarity." Once copying is shown, the copyright holder would still have to prove substantial similarity to establish infringement. See 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 13.01[B], at 13–11 to 13–12 (1992). Since a showing of substantial similarity will necessarily include the lesser showing of probative similarity, there seems little harm in combining the copying and infringement inquiries, as we have done in the past. See, e.g., [Warner Bros., Inc. v. American Broadcasting Companies, Inc.](#), 720 F.2d 231, 239–43 (2d Cir.1983).

1. *Access.* PIL argues that because there is no evidence that it had access to the teleplays, TPP's infringement claim fails as a matter of law. Yet PIL has conceded that it had access to the broadcast programs, and does not dispute that the broadcast programs contained virtually all of the protected expression in the teleplays. In isolated instances, dialogue quoted in the Book varies slightly from dialogue as set forth in the teleplays, presumably resulting from variations that occurred in the course of making the television programs, but these instances are insignificant. One who views a performance of a copyrighted work and copies expression contained in that work may be found to have infringed. See 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 2.03[C], at 2–32 (1992) (hereafter "*Nimmer*"). In the circumstances of this case, we hold that PIL's access to the televised programs serves as the functional equivalent of access to the protectable content of the teleplays. Thus, if, as the District Court thought, TPP's registrations applied to the teleplays, access was adequately shown. Alternatively, if, as TPP now alleges, registrations were obtained for the televised episodes, access is undisputed.

2. *Substantial similarity.* PIL next argues that the District Court erroneously applied a "literal similarity" test instead of a "substantial similarity" test in concluding that the Book copied the teleplays. We find no error. PIL fails to recognize that the concept of similarity embraces not only global similarities in structure and sequence, but localized similarity in language. In both cases, the trier of fact must determine whether the similarities are sufficient to qualify as substantial. See 3 *Nimmer* § 13.03 [A], at 13–28 to 13–29 (1992) (substantial similarity can take the form of "fragmented literal similarity" or "comprehensive nonliteral similarity"). In this case, two chapters of the Book (chapters 3 and 7) consist of extensive direct quotations from the teleplays. Indeed, PIL concedes that 89 lines of dialogue were taken. TPP claims that a far greater amount was taken. But even on PIL's concession, the District Court was entitled to find that the identity of 89 lines of dialogue between the works constituted substantial similarity. See [Harper & Row, Publishers, Inc. v. Nation Enterprises](#), 471 U.S. 539, 548, 105 S.Ct. 2218, 2224, 85 L.Ed.2d 588 (1985) (finding substantial similarity where defendant's work excerpted 300–400 words including some uncopyrightable material).

Moreover, while the District Court confined its inquiry to literal similarity, we have little doubt that the record

supports a finding of substantial similarity through comprehensive nonliteral similarity. Chapter 3 of the Book is essentially a detailed recounting of *1373 the first eight episodes of the series. Every intricate plot twist and element of character development appear in the Book in the same sequence as in the teleplays. The elaborate recounting of plot details consumes 46 pages of Chapter 3. The degree of detail is illustrated by excerpts set out in the margin.²

² In the bucolic Northwest lumber town of Twin Peaks, Pete Martell discovers a body on the riverfront outside the Packard Mill. He calls Sheriff Truman ... "She's dead, wrapped in plastic," he sputters. Truman, Deputy Andy, and Doc Hayward go to inspect the body, which they discover to be that of Laura Palmer—the most popular girl in town. The body is wrapped in plastic sheeting and wound in white tape.

.....

FBI Special Agent Dale Cooper drives into town, primly dressed in a dark suit and tie and dictating the minutiae of his travels to his secretary, Diane, into a microcassette recorder. When he meets Sheriff Truman—Harry S. Truman, that is—he immediately questions Truman about the local trees, beginning his preoccupation with the local flora and fauna.

.....

Back at the station house, Cooper springs open Laura's diary and finds two significant entries (which he is careful to record for Diane): the last, dated February 23, which reads "nervous about meeting J tonight," and one 18 days earlier, which includes an envelope containing a safety deposit box key and white powder, and reads simply, "Day One." Cooper speculates that the white powder is cocaine, but Harry can't believe it. Laura?

Armed with Laura's mysterious videotape, Cooper questions suspects Bobby and Donna about a scene in the tape that shows Laura and Donna cavorting at a picnic. This is our first view of the murdered girl alive. As she brings her face close to the camera, we see a blonde girl with a knowing smile. The scene on the tape ends with a close-up of Laura's eye. The reflection of a motorcycle's headlights can be seen in her eye.

.....

Cooper and Harry Truman go to an abandoned rail car, which appears to be the place where Laura and Ronette were tortured. They find a

strange mound of dirt, and on top of it is a necklace with half of a golden heart dangling from it. Nearby is a scrap of paper on which is written—apparently in blood—the cryptic message, "Fire walk with me." Next, we see James Hurley, his motorbike by his side, sitting and looking out toward the mountains. He is holding the other half of the heart.

Later, in Laura's safety deposit box, Cooper discovers \$10,000 in cash and a copy of *Flesh World* magazine. In the magazine, he finds personal ads from Ronette Pulaski and Leo Johnson—Leo's ad featuring a photo of his truck identical to the shot of his truck in the scene with Bobby and Shelly.

Detailed as these excerpts are, they form less than half of the summary of the first episode.

3. *Infringement of the right to make derivative works.* PIL further contends that the District Court erred in finding that the Book infringed not only rights in the teleplays but also the right to make derivative works of the teleplays. The finding that the Book was a derivative work would seem unnecessary to the finding of *prima facie* infringement. See 2 *Nimmer* § 8.09 [A], at 8–114 (right to make derivative works is "completely superfluous," since infringement of the adaptation right necessarily infringes the reproduction right or the performance right). Nevertheless, we believe the District Court was correct in determining that the Book constituted a "derivative work[] based upon the copyrighted work." [17 U.S.C. § 106\(2\) \(1988\)](#). The Book contains a substantial amount of material from the teleplays, transformed from one medium into another. See [Rogers v. Koons, 751 F.Supp. 474, 477 \(S.D.N.Y.1990\)](#), *aff'd*, [960 F.2d 301 \(2d Cir.\)](#), *cert. denied*, [506 U.S. 934, 113 S.Ct. 365, 121 L.Ed.2d 278 \(1992\)](#).

B. Fair use

The central issue on the copyright claim is the fair use defense. This long-standing doctrine tempers the protection of copyright by allowing an author to use a limited amount of copyrighted material under some circumstances. Since 1978, the doctrine has been codified in [section 107](#) of the Copyright Act, [17 U.S.C. § 107 \(1988 & Supp. III 1991\)](#), which provides that "the fair use of a copyrighted work, ... for purposes such as criticism, comment, news reporting, teaching ..., scholarship, or research, is not an infringement of copyright." In determining whether a use is fair, a court is to consider

four enumerated factors, *see id.* § 107(1)–(4),³ although these factors are non-exclusive, *1374 *see Harper & Row*, 471 U.S. at 560, 105 S.Ct. at 2230.

³ The four factors are:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

[17 U.S.C. § 107 \(1988\)](#).

Judge Martin applied each of the four statutory factors and found that all of them favored TPP. He thought that the Book was not entitled to favorable consideration as having either an educational purpose or a character as commentary, that the teleplays were creative works entitled to heightened protection, that substantial copyrighted material was taken, and that the Book competed with books currently licensed by TPP as well as possible future derivative works. Because “[f]air use is a mixed question of law and fact,” *Harper & Row*, 471 U.S. at 560, 105 S.Ct. at 2230, the District Court’s conclusion “is open to full review on appeal,” *New Era Publications International, ApS v. Carol Publishing Group*, 904 F.2d 152, 155 (2d Cir.), *cert. denied*, 498 U.S. 921, 111 S.Ct. 297, 112 L.Ed.2d 251 (1990), although subsidiary findings of fact will be upheld unless clearly erroneous, *see Fed.R.Civ.P. 52(a)*.

We agree with the appellants that the Book serves one or more of the non-exclusive purposes that [section 107](#) identifies as examples of purposes for which a protected fair use may be made. *See Harper & Row*, 471 U.S. at 561, 105 S.Ct. at 2231. Though it might be extravagant to consider the Book a work of “research” or “scholarship,” it is surely a work of “comment,” and perhaps has some claim to “criticism” and “news reporting.” It is a work of and about pop culture, but that does not remove it from the scope of [section 107](#). Courts must be alert to the risk of permitting subjective judgments about quality to tilt the scales on which the fair use balance is made. A comment about a television program is no less entitled to the defense of fair use because its subject is a program of mass appeal and the author aims his comment at a lowbrow audience. A comment is as eligible for fair use protection when it

concerns “Masterpiece Theater” and appears in the *New York Review of Books* as when it concerns “As the World Turns” and appears in *Soap Opera Digest*. And the defense will be available whether the comment makes some erudite point appreciated mainly by students of literature or a more prosaic point of interest to average television viewers. The issue in either case will ultimately be whether the comment, in borrowing the protected expression of the original work, does so for purposes that advance the interests sought to be promoted by the copyright law. Determination of that issue turns on careful consideration of the four statutory factors.

1. *Purpose and character of the use.* The District Court’s analysis of purpose and character was limited to a determination that PIL’s purpose was commercial and not educational. Though we ultimately assess the first factor as favoring TPP, a more extended analysis is warranted.

“Purpose” in fair use analysis is not an all-or-nothing matter. The issue is not simply whether a challenged work serves one of the non-exclusive purposes identified in [section 107](#), such as comment or criticism, but whether it does so to an insignificant or a substantial extent. The weight ascribed to the “purpose” factor involves a more refined assessment than the initial, fairly easy decision that a work serves a purpose illustrated by the categories listed in [section 107](#).

The statutory language of the first factor plainly assigns a higher value to a use that serves “nonprofit educational purposes” than to one of a “commercial nature.” Yet we do not think that an author’s commercial purpose in writing a book precludes a finding that his particular use of a prior author’s protected expression serves a purpose that weighs favorably on the fair use scales. Most publishers of traditional “educational” works hope to make a profit, and in many cases, including this one, publishers of traditional “commercial” work have at least the pretense and often the reality of enlightening the public. *See Salinger v. Random House, Inc.*, 811 F.2d 90, 96 (2d Cir.), *cert. denied*, 484 U.S. 890, 108 S.Ct. 213, 98 L.Ed.2d 177 (1987).

*1375 We have found fair use in works that are plainly “commercial.” *See Consumers Union of United States, Inc. v. General Signal Corp.*, 724 F.2d 1044, 1049 (2d Cir.1983) (advertisement disclosing Consumer Reports recommendation), *reh’g denied*, 730 F.2d 47

(2d Cir.), *cert. denied*, [469 U.S. 823, 105 S.Ct. 100, 83 L.Ed.2d 45 \(1984\)](#); [Warner Bros., Inc. v. American Broadcasting Companies, Inc.](#), [720 F.2d 231, 242 \(2d Cir.1983\)](#) (television series parodying Superman); [Elsmere Music, Inc. v. National Broadcasting Co.](#), [623 F.2d 252, 253 n. 1 \(2d Cir.1980\)](#) (Saturday Night Live skit parodying “I Love New York” song); [Berlin v. E.C. Publications, Inc.](#), [329 F.2d 541, 544-45 \(2d Cir.\)](#) (Mad Magazine parodies of Irving Berlin songs), *cert. denied*, [379 U.S. 822, 85 S.Ct. 46, 13 L.Ed.2d 33 \(1964\)](#). *But see* [Consumers Union](#), [730 F.2d at 48](#) (Oakes, J., dissenting from denial of rehearing in banc) (contending that advertising use is never proper purpose). However, we have also rejected a fair use defense for works that could be characterized as “commercial exploitation.” See [Iowa State University Research Foundation, Inc. v. American Broadcasting Companies, Inc.](#), [621 F.2d 57, 61 \(2d Cir.1980\)](#) (ABC telecasts containing portions of film on wrestler were “commercial exploitation”); [Meeropol v. Nizer](#), [560 F.2d 1061, 1069 \(2d Cir.1977\)](#) (summary judgment inappropriate since book containing Rosenberg letters could constitute “commercial exploitation”), *cert. denied*, [434 U.S. 1013, 98 S.Ct. 727, 54 L.Ed.2d 756 \(1978\)](#). Whether “exploitation” is an analytically useful term or only a label attached to works deemed not protected by the fair use defense is debatable. We have been more solicitous of the fair use defense in works, which though intended to be profitable, aspired to serve broader public purposes. See [Wright v. Warner Books, Inc.](#), [953 F.2d 731, 736-37 \(2d Cir.1991\)](#) (biography); [New Era Publications International, ApS v. Carol Publishing Group](#), [904 F.2d at 156-57](#) (biography); [Maxtone-Graham v. Burtchaell](#), [803 F.2d 1253, 1260-62 \(2d Cir.1986\)](#) (scholarly book on attitudes toward abortion), *cert. denied*, [481 U.S. 1059, 107 S.Ct. 2201, 95 L.Ed.2d 856 \(1987\)](#); [Rosemont Enterprises, Inc. v. Random House, Inc.](#), [366 F.2d 303, 307-09 \(2d Cir.1966\)](#) (biography), *cert. denied*, [385 U.S. 1009, 87 S.Ct. 714, 17 L.Ed.2d 546 \(1967\)](#).

PIL's use of the protected expression in the teleplays consists primarily of summarizing in great detail the plots of the first eight episodes. Inevitably, some identification of the subject matter of a writing must occur before any useful comment may be made about it, and it is not uncommon for works serving a fair use purpose to give at least a brief indication of the plot. Works of criticism, teaching, and news reporting customarily do so. In identifying plot, the author of the second work may or may not be said to have made what

Judge Leval has usefully called a “transformative” use. See Pierre N. Leval, [Toward a Fair Use Standard](#), [103 Harv.L.Rev. 1105, 1111 \(1990\)](#). Such use would occur, for example, if a plot was briefly described for purposes of adding significant criticism or comment about the author's plotting technique.

In the pending case, PIL's detailed report of the plots goes far beyond merely identifying their basic outline for the transformative purposes of comment or criticism. What PIL has done is simply to recount for its readers precisely the plot details of each teleplay. Whether such a detailed summary serves a purpose that weighs in favor of fair use requires some consideration of a genre often called “abridgments.”

Recognized in the Copyright Act as a form of “derivative work,” see [17 U.S.C. § 101 \(1988\)](#), an abridgment is a “condensation; contraction. An epitome or compendium of another and larger work, wherein the principal ideas of the larger work are summarily contained.” 1 Bouvier's Law Dictionary 91 (3d rev. 1914). Interestingly, the origin of the fair use doctrine is closely connected to abridgments, and early cases went so far as to suggest that an abridgment always constitutes fair use, at least one that is “a real and fair abridgment” displaying “the invention, learning, and judgment” of the abridger, and not merely an instance of a work that has been “colourably shortened.” See [Gyles v. Wilcox](#), [26 Eng.Rep. 489, 490, 2 Atk. 141, 143 \(1740\) \(No. 130\)](#).

*1376 The leading early American decision on the fair use defense, [Folsom v. Marsh](#), [9 F.Cas. 342 \(C.C.D.Mass.1841\)](#), concerned the publication of George Washington's letters in a scholarly work. Justice Story wrote that “a fair and bona fide abridgment of an original work, is not a piracy of the copyright of the author,” and that to constitute an abridgment, the second work must contain “real, substantial condensation of the materials, and intellectual labor and judgment bestowed thereon; and not merely the facile use of the scissors; or extracts of the essential parts, constituting the chief value of the original work.” [Id. at 345](#). In concluding, with an expression of regret, that the copyright in Washington's letters had been infringed, Justice Story noted that “[i]f it had been the case of a fair and bona fide abridgment of the work of the plaintiffs, it might have admitted of a very different consideration.” [Id. at 349](#).

Despite these historically interesting suggestions, it is no longer the law that a “real and fair abridgment” is always fair use. As early as 1911, the Circuit Court for the Southern District of New York indicated in dictum its readiness to enjoin an abridgment of a copyrighted work. In declining to issue a preliminary injunction against publication of defendant's book “Opera Stories,” which included very brief summaries of two of plaintiff's copyrighted operas, the Court relied on the fact that the summaries gave only a “vague, fragmentary and superficial idea of the plot and of the characters,” *G. Ricordi & Co. v. Mason*, 201 F. 182, 182 (C.C.S.D.N.Y.1911), *aff'd*, 210 F. 277 (2d Cir.1913), and further indicated that

[i]f this case involved an *abridgment* as that word is ordinarily understood, I should be inclined to take a different view of this motion. The defendants' “story,” however, is not such an abridgment. The abridgments which have been condemned by the courts involve colorable shortening of the original text, where immaterial incidents are omitted and voluminous dissertations are cut down, but where the characters, the plot, the language and the ideas of the author are pirated.

Id. at 183 (emphasis in original). See also *G. Ricordi & Co. v. Mason*, 201 F. 184 (S.D.N.Y.1912) (denying permanent injunction), *aff'd*, 210 F. 277 (2d Cir.1913). One of the leading commentators on the fair use doctrine attributes the “condemnation” of abridgments to the adoption of the 1909 Copyright Act, which “abolished the right to make unconsented fair abridgments.” William F. Patry, *The Fair Use Privilege in Copyright Law* 27 (1985); see also *id.* at 26 (expressing disagreement with early rule permitting abridgments).

The current Copyright Act confers no absolute right on non-copyright holders to make abridgments. The Act defines a “derivative work” to include an abridgment, 17 U.S.C. § 101 (1988), and gives the copyright holder the exclusive right “to prepare derivative works based upon the copyrighted work,” *id.* § 106(2) (1988 & Supp.

III 1991). An abridgment of a copyrighted work is thus likely to be found to be *prima facie* infringing. Where, as here, the abridgment serves no transformative function and elaborates in detail far beyond what is required to serve any legitimate purpose, the first factor cannot be weighted in favor of the fair use defense.

2. *Nature of the copyrighted work.* PIL attacks only briefly the District Court's finding that, because the copyrighted work is a work of fiction, the second factor favors TPP. PIL seems to contend that the magnitude of public reaction to the televised programs made the entire content of the teleplays a fact that could be reported and analyzed. Yet the second factor, if it favors anything, must favor a creative and fictional work, no matter how successful. See *Stewart v. Abend*, 495 U.S. 207, 237–38, 110 S.Ct. 1750, 1768–69, 109 L.Ed.2d 184 (1990); *Harper & Row*, 471 U.S. at 563, 105 S.Ct. at 2133; 3 *Nimmer* § 13.05[A][2], at 13–102.22 & n. 28.7.

3. *Amount and substantiality of the portion used in relation to the copyrighted work as a whole.* PIL erroneously claims that the District Court made no finding of substantiality “in relation to the teleplays or the television series as a whole.” Brief for Appellant at 26. In fact, the District Court found that the Book “provides synopses for several episodes, lifting many parts verbatim *1377 from the script.” Even without this finding, the District Court's determination that the Book was substantially similar to the teleplays so as to be *prima facie* infringing should suffice for a determination that the third fair use factor favors the plaintiff, whether the copyrighted works are the teleplays or the videotapes. See 3 *Nimmer* § 13.05[A][3], at 13–102.24 to 13–102.25 (third prong of fair use inquiry is redundant).

PIL also argues that its taking is not great in light of the fact that critical commentary often requires lifting large portions of the original work. Even if that is sometimes so, it does not mean that the third factor favors commenters regardless of the amount of copying. What PIL lifted was plainly substantial in relation to the copyrighted works as a whole.

4. *Effect of the use upon the potential market for or value of the copyrighted work.* The fourth factor, market effect, is “undoubtedly the single most important element of fair use.” *Harper & Row*, 471 U.S. at 566, 105 S.Ct. at 2233. In evaluating this factor, a court must consider not only the

primary market for the copyrighted work, but the current and potential market for derivative works. *See id.* at 568, 105 S.Ct. at 2234; *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*, 964 F.2d 965, 971 (9th Cir.1992), *cert. denied*, 507 U.S. 985, 113 S.Ct. 1582, 123 L.Ed.2d 149 (1993). We believe that application of this factor presents a fairly close question, but ultimately we agree with the District Court that the factor favors TPP.

In the cases where we have found the fourth factor to favor a defendant, the defendant's work filled a market niche that the plaintiff simply had no interest in occupying. Copyright holders rarely write parodies of their own works, *see, e.g., Warner Bros.*, 720 F.2d at 242–43, or write reviews of them, *see Harper & Row*, 471 U.S. at 584, 105 S.Ct. at 2242, and are even less likely to write new analyses of their underlying data from the opposite political perspective, *see, e.g., Maxtone–Graham*, 803 F.2d at 1263–64. On the other hand, it is a safe generalization that copyright holders, as a class, wish to continue to sell the copyrighted work and may also wish to prepare or license such derivative works as book versions or films. In this case, the Book may interfere with the primary market for the copyrighted works and almost certainly interferes with legitimate markets for derivative works. It is possible that a person who had missed an episode of “Twin Peaks” would find reading the Book an adequate substitute, and would not need to rent the videotape of that episode in order to enjoy the next one. *See Wainwright Securities, Inc. v. Wall Street Transcript Corp.*, 558 F.2d 91, 96 (2d Cir.1977) (defendant's abstracts filled demand for plaintiff's financial reports), *cert. denied*, 434 U.S. 1014, 98 S.Ct. 730, 54 L.Ed.2d 759 (1978). In the derivative market, TPP has already licensed at least two “Twin Peaks” books (“The Secret Diary of Laura Palmer” and “The Autobiography of F.B.I. Special Agent Dale Cooper: My Life, My Tapes”), and states that it plans to license more, or at least claims to have had such plans before the show's popularity subsided. A copyright holder's protection of its market for derivative works of course cannot enable it to bar publication of works of comment, criticism, or news reporting whose commercial success is enhanced by the wide appeal of the copyrighted work. The author of “Twin Peaks” cannot preserve for itself the entire field of publishable works that wish to cash in on the “Twin Peaks” phenomenon. But it may rightfully claim a favorable weighting of the fourth fair use factor with respect to a book that reports the plot in such extraordinary detail as to risk impairment of the market

for the copyrighted works themselves or derivative works that the author is entitled to license.

Though appellants may be correct in arguing that works like theirs provide helpful publicity and thereby tend to confer an economic benefit on the copyright holder, we nevertheless conclude that the Book competes in markets in which TPP has a legitimate interest, and that the fourth factor at least slightly favors TPP.

5. *Aggregate fair use assessment.* While the four statutory factors are non-exclusive, we do not believe that the various other factors discussed by the parties merit discussion in light of our agreement with the District *1378 Court that all of the statutory factors favor TPP. We conclude that the Court's rejection of the fair use defense was entirely correct.

C. First Amendment defense

PIL contends briefly that the First Amendment is broader than the fair use defense and protects its publication of the Book. PIL neither describes the contours of this purported defense nor makes any effort to distinguish our numerous cases that have held that, except perhaps in an extraordinary case, “the fair use doctrine encompasses all claims of first amendment in the copyright field,” *New Era Publications International, ApS v. Henry Holt and Co.*, 873 F.2d 576 (2d Cir.1989), *cert. denied*, 493 U.S. 1094, 110 S.Ct. 1168, 107 L.Ed.2d 1071 (1990); *see also Roy Export Co. Establishment of Vaduz, Liechtenstein v. Columbia Broadcasting System, Inc.*, 672 F.2d 1095, 1099–1100 (2d Cir.), *cert. denied*, 459 U.S. 826, 103 S.Ct. 60, 74 L.Ed.2d 63 (1982); *Wainwright Securities*, 558 F.2d at 95. This is not the extraordinary case. Whatever non-protectable information PIL seeks to disseminate is hardly inseparable from TPP's copyrighted expression, as perhaps was the case with the Zapruder film of the Kennedy assassination. *See Roy Export*, 672 F.2d at 1099–1100 & n. 8; *Time, Inc. v. Bernard Geis Associates*, 293 F.Supp. 130 (S.D.N.Y.1968). The First Amendment defense was properly rejected.

II. Trademark Liability

The District Court concluded that notwithstanding PIL's disclaimer, “a substantial number of reasonably prudent purchasers, on seeing the name Twin Peaks as part of the title of the Book would be led to believe that plaintiff was the source of the goods.” Accordingly, the District Court

found that PIL had violated section 43(a) of the Lanham Act, [15 U.S.C. § 1125\(a\) \(1988\)](#), and had engaged in unfair competition in violation of New York common law. PIL contends that reversal is required because the District Court failed to find that the TWIN PEAKS mark had a secondary meaning or to apply any of the *Polaroid* factors, see [Polaroid Corp. v. Polarad Electronics Corp.](#), 287 F.2d 492, 495 (2d Cir.), cert. denied, 368 U.S. 820, 82 S.Ct. 36, 7 L.Ed.2d 25 (1961). PIL also contends that independent analysis of these factors supports the conclusion that it did not infringe TPP's trademarks. The parties agree that the resolution of the common law unfair competition claim parallels resolution of the trademark claim. While PIL's point concerning the failure to apply the *Polaroid* factors has validity, we are also concerned that the District Court failed to recognize the special concerns implicated by Lanham Act claims against titles of works of artistic expression.

A. Secondary meaning

The District Court made no explicit determination that TWIN PEAKS had acquired secondary meaning. We need not determine whether such a showing is required for suggestive literary titles,⁴ since the stipulated facts would have required the District Court to find secondary meaning. TPP submitted extensive evidence of the publicity received by the televised episodes, and even PIL concedes that the series was a "media phenomenon."

*1379 Much of this publicity focused on David Lynch and Mark Frost. Thus "the title is sufficiently well known that consumers associate it with a particular author's work." [Rogers v. Grimaldi](#), 875 F.2d 994, 998 (2d Cir.1989).

⁴ The TWIN PEAKS mark is at least suggestive and not merely descriptive. TWIN PEAKS neither literally describes the television program nor describes the purpose or utility of the product. See [Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.](#), 973 F.2d 1033, 1040 (2d Cir.1992). Rather, the term "requires imagination, thought and perception to reach a conclusion as to the nature of goods." *Id.* (quoting [Abercrombie & Fitch Co. v. Hunting World, Inc.](#), 537 F.2d 4, 11 (2d Cir.1976)). Ordinarily a suggestive mark is entitled to protection without any showing of secondary meaning because it is inherently distinctive. [Abercrombie & Fitch Co.](#), 537 F.2d at 11; see also *Restatement (Third) of Unfair*

Competition § 13 (Tent. Draft No. 2, 1990). However, we have applied a more stringent rule to literary titles, see [Rogers v. Grimaldi](#), 875 F.2d 994, 998 (2d Cir.1989); see also [Tri-Star Pictures, Inc. v. Leisure Time Productions, B.V.](#), 749 F.Supp. 1243, 1252-53 (S.D.N.Y.1990); [Orion Pictures Co. v. Dell Publishing Co.](#), 471 F.Supp. 392, 395 (S.D.N.Y.1979), in requiring the trademark proprietor to demonstrate secondary meaning notwithstanding the suggestive nature of the title. But see [Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.](#), 886 F.2d 490, 494-95 (2d Cir.1989) (analyzing a Lanham Act claim concerning the title "Cliffs Notes" without any discussion of secondary meaning).

B. Trademark infringement by literary titles

Because of an author's significant First Amendment interest in choosing an appropriate title for his or her work, we have held that literary titles do not violate the Lanham Act "unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work." [Rogers v. Grimaldi](#), 875 F.2d at 999 (footnote omitted). Although *Rogers* arose in the context of a title using a celebrity's name, we have applied it to the literary title "Cliffs Notes," a literary title apparently not containing the name of a real person, and certainly not of a celebrity. See [Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.](#), 886 F.2d 490, 495 (2d Cir.1989) ("[T]he *Rogers* balancing approach is generally applicable to Lanham Act claims against works of artistic expression....").

In this case, there would seem little question that the title is of some artistic relevance to the Book. The question then is whether the title is misleading in the sense that it induces members of the public to believe the Book was prepared or otherwise authorized by TPP.⁵ This determination must be made, in the first instance, by application of the venerable *Polaroid* factors. See [Cliffs Notes](#), 886 F.2d at 495 n. 3. However, the finding of likelihood of confusion must be particularly compelling to outweigh the First Amendment interest recognized in *Rogers*.

⁵ There can be no claim here that the Book misleads consumers into believing that it is *about* Twin Peaks. The Book is avowedly about Twin Peaks. Cf. [Rogers v. Grimaldi](#), 875 F.2d at 1001 (analyzing claim that film depicting fictional characters misled

consumers into believing it was about Ginger Rogers).

Unfortunately, the District Court did not apply the *Polaroid* factors individually or determine whether the likelihood of confusion was so great as to overcome the presumption of *Rogers*. While we have occasionally endeavored to apply at least some of the *Polaroid* factors at the appellate level, see [Orient Express Trading Co. v. Federated Department Stores, Inc.](#), 842 F.2d 650, 654–55 (2d Cir.1988); [Charles of the Ritz Group Ltd. v. Quality King Distributors, Inc.](#), 832 F.2d 1317, 1320–23 (2d Cir.1987), we believe the better course in this case is a remand to allow the District Court the opportunity to fully examine the factors relevant to likelihood of confusion.

The need for careful application of the *Polaroid* factors, assessed in light of *Rogers*, is underscored by two complicating considerations. The first is PIL's placement of a disclaimer on both the front and rear covers of the Book. See [Home Box Office, Inc. v. Showtime/The Movie Channel, Inc.](#), 832 F.2d 1311, 1315–16 (2d Cir.1987); [Consumers Union of United States, Inc. v. General Signal Corp.](#), 724 F.2d 1044, 1053 (2d Cir.1983) (injunction not available “where there is any possibility that an explanation or disclaimer will suffice”), *cert. denied*, 469 U.S. 823, 105 S.Ct. 100, 83 L.Ed.2d 45 (1984). Though the disclaimer partially blunts TPP's attack by alerting readers that the Book has not been licensed by a group of pertinent entities including Capital Cities/ABC, Inc. Television Network Group, it would have been far more effective had it simply stated that the publication has not been prepared, approved, or licensed by any entity that created or produced the well-known TV program “Twin Peaks.” Judge Martin expressed the view, without elaboration, that the disclaimer was not “effective.”

The second special consideration bearing on the Book's title concerns the wording and appearance of the title. The title not only uses the name “Twin Peaks” but precedes the name with the phrase “Welcome to.” The title thus copies a legend that appears on a roadside sign in the introduction sequence of each televised episode. Moreover, the book title is presented against a background that appears to be a wooden slab, apparently an attempt to evoke the wooden *1380 roadside sign. It is a fair question whether a title that might otherwise be permissible under *Rogers* violates the Lanham Act when displayed in a manner that conjures up a visual image

prominently associated with the work bearing the mark that was copied.

These circumstances make a remand especially appropriate.⁶ Since TPP concedes that the resolution of the state law unfair competition claim follows trademark infringement liability, we vacate the District Court's determination that PIL engaged in unfair competition as well.

⁶ We observe that while the judgment enjoined PIL from “[u]sing the title ‘Welcome to Twin Peaks,’ or using the mark TWIN PEAKS, or any other indicia of the ‘Twin Peaks’ program, in any manner likely to cause confusion,” no damages were awarded against PIL on the basis of the trademark violation. Because we uphold the District Court's injunction against publication of the Book, the significance of our decision to vacate the injunction against use of the trademark is limited. Even if, on remand, the District Court should find the likelihood of confusion not established to a degree sufficient to outweigh the First Amendment interest in the creative use of literary titles, the consequence would be only that PIL may publish a different book under the same title, and even that course of action may render PIL liable to Simon & Schuster under the settlement agreement entered in the Illinois litigation.

III. Copyright Damages

Under the Copyright Act, the copyright holder may elect between two measures of damages, [17 U.S.C. § 504\(a\)](#) (1988)—actual damages and profits, *id.* [§ 504\(b\)](#), or statutory damages of between \$500 and \$20,000 for “all infringements ... with respect to any one work,” *id.* [§ 504\(c\) \(1\)](#). The District Court determined that actual damages under [section 504\(b\)](#) were \$125,000 and that statutory damages under [section 504\(c\)](#) were \$120,000 (apparently \$15,000 for infringement of each of eight teleplays). The District Court also found that PIL's profits were \$52,108, but declined to add this amount to the award under [section 504\(b\)](#). PIL challenges the amount of both the statutory award and the actual damages award. TPP seeks to uphold the statutory award and cross-appeals to seek an increase in the actual damages, contending that PIL's profits should have been included.

A. Damages issues open on appeal

Though the parties have disputed on appeal issues relating to both actual and statutory damages, we conclude that TPP's exercise of its right to elect statutory damages against PIL has eliminated from the case all issues concerning actual damages recoverable from PIL. The election available to a plaintiff by [section 504\(a\)](#) is to be made "at any time before final judgment is rendered." [17 U.S.C. § 504\(c\)\(1\)](#). In this case, TPP made its choice before final judgment, apparently believing that the statutory award of \$120,000 was more likely to be sustained on appeal than the actual damages award of \$125,000. We do not think the election continues into the appellate stage. Once a plaintiff has elected statutory damages, it has given up the right to seek actual damages and may not renew that right on appeal by cross-appealing to seek an increase in the actual damages.

We do not regard [Oboler v. Goldin](#), 714 F.2d 211, 212–13 (2d Cir.1983), as indicating a contrary rule. In that case, the plaintiff had not elected between remedies prior to judgment, *id.* at 213, and we therefore permitted it, after remand, to make its choice. But even in that situation, we obliged the plaintiff to choose between statutory damages and a new trial on actual damages; we did not permit the plaintiff, after appeal, to pursue both remedies to a conclusion and then select the one that ultimately proved more favorable.

B. Statutory damages

1. *Number of violations.* In calculating statutory damages, the District Court apparently concluded that TPP had violated eight separate copyrights—one for each teleplay—and awarded statutory damages of \$15,000 per teleplay, for a total of \$120,000. Had the District Court not considered eight separate works to have been infringed, statutory damages would have been limited to \$20,000 for a non-willful violation and \$100,000 for a willful violation. See *1381 [17 U.S.C. § 504\(c\)](#) (1988). [Section 504\(c\)](#) provides for statutory damages "for all infringements involved in the action, with respect to any one work," and further provides that for "purposes of this subsection, all the parts of a compilation or derivative work constitute one work." PIL concedes that each teleplay was separately copyrighted, but contends that they constitute a single work under [section 504\(c\)](#). Presumably, PIL's contention would be asserted whether TPP had registered eight teleplays, as the District Court thought, or eight videotapes of episodes, as TPP now asserts.

We last considered the appropriate unit for statutory copyright damages in a case decided under the 1909 Act, [Robert Stigwood Group Ltd. v. O'Reilly](#), 530 F.2d 1096 (2d Cir.), *cert. denied*, 429 U.S. 848, 97 S.Ct. 135, 50 L.Ed.2d 121 (1976) ("*Stigwood*"), which concerned the musical "Jesus Christ Superstar." Under the 1909 Act, statutory damages were available for "each infringement that was separate." *Id.* at 1102; see [L.A. Westermann Co. v. Dispatch Printing Co.](#), 249 U.S. 100, 105–06, 39 S.Ct. 194, 195–96, 63 L.Ed. 499 (1919). The current statute shifts the unit of damages inquiry from number of infringements to number of works. *Stigwood* may retain some relevance under the 1976 Act in its recognition that three songs performed in the musical would support separate statutory damages awards, but that three "overlapping" copyrights on substantial parts of the entire work" would support only a single award, [Stigwood](#), 530 F.2d at 1104 (emphasis in original). The three copyrights thought to be "overlapping" were identified as covering "Musical Excerpts Complete Libretto," "Libretto," and "Vocal Score." *Id.*

The eight teleplays for "Twin Peaks" represent a current television genre in which one or more plots continue from one episode to another. The style was popularized by the police series "Hill Street Blues" and is still in vogue in the lawyers series "L.A. Law." "Twin Peaks" carried the style to its limit by keeping the point of the basic plot (Who killed Laura?) continuing throughout the first season of the series, beyond the eight episodes at issue in this litigation. Whatever the scope of the *Stigwood* ruling concerning "overlapping" copyrights in related components of a single musical production might be under the 1976 Act, we think it has no application to separately written teleplays prepared to become episodes of a weekly television series. The author of eight scripts for eight television episodes is not limited to one award of statutory damages just because he or she can continue the plot line from one episode to the next and hold the viewers' interest without furnishing a resolution. We might well have a different situation if a book written as a single work was then adapted for television as a group of episodes, for example, the six-part television adaptations of John LeCarre's "Tinker, Tailor, Soldier, Spy" and "Smiley's People." Even in such circumstances, though there would be but one book infringed, there might be separate awards for infringement of each televised episode. In any event, ours is the easy case of infringement of eight separate works that warrants eight statutory awards, whether

the registrations apply to the teleplays or the televised episodes.

PIL's reliance on [Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corp.](#), 221 U.S.P.Q. 114, 1983 Copyright L. Dec. (CCH) ¶ 25,572 (C.D.Cal.1983), is unavailing. Though the plaintiff sought multiple statutory awards for infringement of seven copyrights, the District Court ruled that what the defendant had infringed was the expression of a single idea, the characters and locale; the fact that the characters and the locale appeared in successive television episodes did not warrant multiple awards. Here, by contrast, what has been infringed by the detailed copying of plots are the copyrights in the separately written and copyrighted teleplays or programs.

2. *Willfulness*. With respect to statutory damages, PIL claims that the District Court's finding of willful copyright infringement was clearly erroneous. The result of the finding of willfulness was to increase the maximum amount of statutory damages awardable for each copyright violation from \$20,000 to \$100,000. See [17 U.S.C. § 504\(c\)\(2\)](#). Though the District Court's award of \$15,000 for each work infringed is sustainable with or without a finding of willfulness, *1382 we feel obliged to review the challenge to the willfulness finding because it may well have influenced both the amount of the award and the appropriateness of awarding attorney's fees. See [Universal City Studios, Inc. v. Nintendo Co.](#), 797 F.2d 70, 78 (2d Cir.), cert. denied, 479 U.S. 987, 107 S.Ct. 578, 93 L.Ed.2d 581 (1986).

PIL concedes that it knew of the copyrights, and continued publication after receiving a specific warning, but contends that it believed in good faith that its actions were lawful. Much of the evidence of willfulness took the form of disputed accounts of the resolution of previous copyright suits involving PIL. PIL apparently contended in the District Court that this evidence was inadmissible, but has not pursued this claim on appeal. PIL's counsel also testified that he had reviewed the manuscript of the Book and believed that it was fair use, although he had not prepared a written opinion to this effect. TPP developed some of its most damaging evidence through cross-examination of defendant Louis N. Weber, PIL's president. Weber testified that as a book publisher, he "hadn't thought about a TV show being copyrighted." The District Court explicitly found this testimony incredible in light of PIL's substantial litigation history and ruled that

PIL "was happy to go as far as they thought they could to use other's copyrighted material with the view that they could ultimately settle for some minor sanction."

We review the District Court's determination of willfulness for clear error, see [Fitzgerald Publishing Co. v. Baylor Publishing Co.](#), 807 F.2d 1110, 1115 (2d Cir.1986), with particular deference to determinations regarding witness credibility, see [Anderson v. City of Bessemer City](#), 470 U.S. 564, 575, 105 S.Ct. 1504, 1512, 84 L.Ed.2d 518 (1985). The standard is simply whether the defendant had knowledge that its conduct represented infringement or perhaps recklessly disregarded the possibility. See [Fitzgerald Publishing Co.](#), 807 F.2d at 1115. The District Court rejected PIL's alternate contentions that it had not thought of copyright infringement or had thought the work was within the fair use exception. We cannot say that that determination was clear error.

3. *Apportionment of profits*. Though TPP's election of statutory damages against PIL moots all appellate issues concerning the calculation of actual damages and profits with respect to PIL, the appellants' claim that profits should have been apportioned between infringing and non-infringing components of the Book remains viable with respect to the award of profits of defendants Penguin USA, Inc. and Scott Knickelbine. It is true that "where an infringer's profits are not entirely due to the infringement, and the evidence suggests some division which may rationally be used as a springboard it is the duty of the court to make some apportionment." [Orgel v. Clark Boardman Co.](#), 301 F.2d 119, 121 (2d Cir.), cert. denied, 371 U.S. 817, 83 S.Ct. 31, 9 L.Ed.2d 58 (1962). However, the burden was on PIL to present evidence suggesting a rational division, and we review the decision of the District Court that the defendants did not carry this burden only for clear error. See [Business Trends Analysts, Inc. v. Freedomia Group, Inc.](#), 887 F.2d 399, 407 (2d Cir.1989). As in [Business Trends Analysts](#), the District Court could find that the " 'heavily infringed' portions were the sections of [the copyrighted works] 'that gave them their value,' " and that the " 'infringed portions are so suffused and intertwined with non-infringing portions as to render [an apportionment] impossible.' " [887 F.2d at 407](#) (quoting [Business Trends Analysts, Inc. v. Freedomia Group, Inc.](#), 700 F.Supp. 1213, 1241 (S.D.N.Y.1988)).

IV. Attorney's Fees

A. District Court award of attorney's fees

PIL contends that the District Court abused its discretion in awarding substantial attorney's fees to TPP for both the New York and Illinois actions. PIL claims that TPP did not qualify as a prevailing party in the Illinois action, and that in the New York action, damages should be apportioned, with reductions for the amount of attorney's fees devoted to the trademark claim and the portions of the Book that were not infringing. PIL also contends without elaboration that there was some amount of duplicative billing, *1383 but this claim appears not to have been presented in the District Court.

As to the copyright attorney's fees, we review only for abuse of discretion. See *N.A.S. Import, Corp. v. Chenson Enterprises, Inc.*, 968 F.2d 250, 253 (2d Cir.1992). The standard for awarding fees is very favorable to prevailing parties; indeed, “fees are generally awarded to a prevailing plaintiff.” *Id.* at 254 (quoting *Roth v. Pritikin*, 787 F.2d 54, 57 (2d Cir.1986)). While we agree with PIL that the award of fees for the Illinois action is somewhat unusual, we find that it was proper. Had TPP interposed its copyright claims by way of a counterclaim in a single action, it would have been allowed recovery of all fees. See *Rose v. Bourne, Inc.*, 279 F.2d 79, 81 (2d Cir.), cert. denied, 364 U.S. 880, 81 S.Ct. 170, 5 L.Ed.2d 103 (1960). TPP's decision to seek dismissal of the Illinois action on jurisdictional grounds and to bring the action in New York can be seen as part of a unified course of action of vindicating its copyrights. We find no abuse of discretion in the District Court's decision to award copyright fees for both lawsuits.

The trademark attorney's fees, however, stand on a different ground. The relevant statute, 15 U.S.C. § 1117 (1988), allows recovery of a reasonable attorney's fee only in “exceptional cases.” Such fees should be awarded only “on evidence of fraud or bad faith.” See *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1014 (9th Cir.1985), cert. denied, 474 U.S. 1059, 106 S.Ct. 802, 88 L.Ed.2d 778 (1986). While a finding of bad faith and a decision to award trademark fees is ordinarily reviewed only for abuse of discretion, see *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1542–43 (2d Cir.), cert. denied, 506 U.S. 991, 113 S.Ct. 510, 121 L.Ed.2d 445 (1992), it appears that the District Court failed to apply the proper statutory standard. Even apart from our decision to vacate the District Court's finding of trademark infringement, we see little evidence of “fraud or bad faith” here concerning

the alleged trademark infringement. Accordingly, we vacate the award of attorney's fees to the extent that the fees related to TPP's prosecution of the trademark claim. On remand, if the trademark claim is pursued and results in a determination of liability for trademark infringement, the District Court must further determine whether the infringement satisfies the standard of [section 1117](#). Unless the District Court adheres to its decision to award attorney's fees on the trademark claim, an appropriate apportionment of fees will be required.

B. Attorney's fees on appeal

Relying both on [17 U.S.C. § 505 \(1988\)](#) and [Fed.R.App.P. 38](#), TPP contends that it is entitled to recover the fees it expended in defending this appeal. We reject the request for fees premised on [Rule 38](#), which allows fees and double costs to be awarded for the bringing of a frivolous appeal. While some of PIL's arguments tread close to the line, the majority of the arguments made by PIL are substantial, and one is meritorious.

In the circumstances of this case, we also decline to award appellate fees under [section 505](#) of the Copyright Act. It is true that the prevailing party in a copyright action is ordinarily entitled to fees at the trial level, and that “an award of attorney's fees may be made for services rendered on appeal as well as at the trial level,” 3 *Nimmer* § 14.10[E], at 14–129. However, a very substantial fee (even if ultimately reduced somewhat to omit fees for prosecution of the trademark claim) was awarded at the trial level, and the lawyers in this appeal were familiar with the issues because they made similar arguments in the District Court. See *Russell v. Price*, 612 F.2d 1123, 1132 (9th Cir.1979), cert. denied, 446 U.S. 952, 100 S.Ct. 2919, 64 L.Ed.2d 809 (1980). Exercising our discretion, we decline to assess further attorney's fees against either party.

Conclusion

We affirm the District Court's decision as to copyright liability, vacate the District Court's decision as to trademark liability, affirm the award of statutory damages, and vacate the award of attorney's fees.⁷ The *1384 matter is remanded for further proceedings consistent with this opinion. Full costs to plaintiff-appellee.

[7](#) We thus affirm provisions 1(a), 3, 4, 5(a), 5(b), 5(c), 7, and 8 of the judgment, and vacate provisions 1(b) and 6. Provision 2 is vacated to the extent it applies to materials that violate only the trademark TWIN PEAKS, and otherwise affirmed.

All Citations

996 F.2d 1366, 61 USLW 2784, 1993 Copr.L.Dec. P 27,111, 27 U.S.P.Q.2d 1001, 21 Media L. Rep. 1545

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296 F.3d 894

United States Court of Appeals,
Ninth Circuit.

MATTEL, INC., a Delaware corporation,
Plaintiff-counter-defendant-Appellant,

v.

MCA RECORDS, INC., a California corporation,
Defendant-counter-claimant-Appellee,
and

Universal Music International Ltd., a British
company; [Universal Music A/S](#), a Danish
business entity; MCA Music Scandinavia AB,
a Swedish business entity; [Universal Music &
Video Distribution, Inc.](#), a New York corporation;

DOES 1 through 20, Defendants-Appellees.

Mattel, Inc., a Delaware corporation,
Plaintiff-counter-defendant-Appellee,

v.

Universal Music International Ltd., a British
company; [Universal Music A/S](#), a Danish
business entity; MCA Music Scandinavia AB,
a Swedish business entity; [Universal Music &
Video Distribution, Inc.](#), a New York corporation;

DOES 1 through 20, Defendants-Appellants,
and

MCA Records, Inc., a California corporation,
Defendant-counter-claimant-Appellant.

Nos. 98-56453, 98-56577.

Argued and Submitted Dec. 5, 2000.

Filed July 24, 2002.

Synopsis

Toy manufacturer brought action against music companies for trademark infringement and dilution associated with song that lampooned manufacturer's "Barbie" trademark associated with doll, and music company brought counterclaim for defamation. The United States District Court for the Central District of California, [William Matthew Byrne, Jr.](#), Senior District Judge, granted summary judgment on parties' claims. Toy manufacturer appealed, and music company cross appealed. The Court of Appeals, [Kozinski](#), Circuit Judge, held that: (1) music companies' use of "Barbie" mark

in song was not an infringement of toy manufacturer's trademark associated with doll; (2) song that lampooned toy manufacturer's doll fell under non commercial use exception in Federal Trademark Dilution Act (FTDA); (3) toy manufacturer had no claim to federal cause of action for unfair competition against music companies under Paris Convention for Industrial Property and Lanham Act; and (4) toy manufacturer's representative's statement that music company's disclaimer on albums containing song that lampooned doll was "akin to a bank robber handing a note of apology to a teller during a heist" was not defamatory.

Affirmed.

Attorneys and Law Firms

*898 [Adrian Mary Pruetz](#), Quinn Emanuel Urquhart Oliver & Hedges, LLP, Los Angeles, CA, argued for the plaintiff-appellant.

[Russell J. Frackman](#), [George M. Borkowski](#), [Jeffrey D. Goldman](#), [Brent Rabowsky](#), Mitchell Silberberg & Knupp LLP, Los Angeles, CA, argued for the defendants-appellees.

Appeal from the United States District Court for the Central District of California [William Matthew Byrne, Jr.](#), Senior District Judge, Presiding, D.C. No. CV-97-06791-WMB-Mcx.

Before [D.W. NELSON](#), [BRUNETTI](#) and [KOZINSKI](#), Circuit Judges.

OPINION

[KOZINSKI](#), Circuit Judge:

If this were a sci-fi melodrama, it might be called Speech-Zilla meets Trademark Kong.

I

Barbie was born in Germany in the 1950s as an adult collector's item. Over the years, Mattel transformed her from a doll that resembled a "German street walker,"¹ as she originally appeared, into a glamorous, long-legged blonde. Barbie has been labeled both the ideal American

woman and a bimbo. She has survived attacks both psychic (from feminists critical of her fictitious figure) and physical (more than 500 professional makeovers). She remains a symbol of American girlhood, a public figure who graces the aisles of toy stores throughout the country and beyond. With Barbie, Mattel created not just a toy but a cultural icon.

¹ M.G. Lord, *Forever Barbie: The Unauthorized Biography of a Real Doll* 32 (1994).

*899 With fame often comes unwanted attention. Aqua is a Danish band that has, as yet, only dreamed of attaining Barbie-like status. In 1997, Aqua produced the song Barbie Girl on the album *Aquarium*. In the song, one bandmember impersonates Barbie, singing in a high-pitched, doll-like voice; another bandmember, calling himself Ken, entices Barbie to “go party.” (The lyrics are in the Appendix.) Barbie Girl singles sold well and, to Mattel's dismay, the song made it onto Top 40 music charts.

Mattel brought this lawsuit against the music companies who produced, marketed and sold Barbie Girl: MCA Records, Inc., Universal Music International Ltd., Universal Music A/S, Universal Music & Video Distribution, Inc. and MCA Music Scandinavia AB (collectively, “MCA”). MCA in turn challenged the district court's jurisdiction under the Lanham Act and its personal jurisdiction over the foreign defendants, Universal Music International Ltd., Universal Music A/S and MCA Music Scandinavia AB (hereinafter “foreign defendants”); MCA also brought a defamation claim against Mattel for statements Mattel made about MCA while this lawsuit was pending. The district court concluded it had jurisdiction over the foreign defendants and under the Lanham Act, and granted MCA's motion for summary judgment on Mattel's federal and state-law claims for trademark infringement and dilution. The district court also granted Mattel's motion for summary judgment on MCA's defamation claim.

Mattel appeals the district court's ruling that Barbie Girl is a parody of Barbie and a nominative fair use; that MCA's use of the term Barbie is not likely to confuse consumers as to Mattel's affiliation with Barbie Girl or dilute the Barbie mark; and that Mattel cannot assert an unfair competition claim under the Paris Convention for the Protection of Industrial Property. MCA cross-appeals

the grant of summary judgment on its defamation claim as well as the district court's jurisdictional holdings.

II

A. All three foreign defendants are affiliated members of Universal Music Group and have an active relationship with each other and with domestic members of the Group. Defendants entered into cross-licensing agreements and developed a coordinated plan to distribute the Barbie Girl song in the United States (including California), and sent promotional copies of the Barbie Girl single and the *Aquarium* album to the United States (including California). This conduct was expressly aimed at, and allegedly caused harm in, California, Mattel's principal place of business. See [Panavision Int'l, L.P. v. Toeppen](#), 141 F.3d 1316, 1321 (9th Cir.1998). Mattel's trademark claims would not have arisen “but for” the conduct foreign defendants purposefully directed toward California, and jurisdiction over the foreign defendants, who are represented by the same counsel and closely associated with the domestic defendants, is reasonable. See [id. at 1321–22](#). The district court did not err in asserting specific personal jurisdiction over the foreign defendants.

B. Sales of the *Aquarium* album worldwide had a sufficient effect on American foreign commerce, and Mattel suffered monetary injury in the United States from those sales. See [Ocean Garden, Inc. v. Marktrade Co.](#), 953 F.2d 500, 503 (9th Cir.1991). Moreover, Mattel's claim is more closely tied to interests of American foreign commerce than it is to the commercial interests of other nations: Mattel's principal place of business is in California, the foreign defendants are closely related to the domestic defendants, and Mattel *900 sought relief only for defendants' sales in the United States. See [Star-Kist Foods, Inc. v. P.J. Rhodes & Co.](#), 769 F.2d 1393, 1395–96 (9th Cir.1985). The district court properly exercised extraterritorial jurisdiction under the Lanham Act.

III

A. A trademark is a word, phrase or symbol that is used to identify a manufacturer or sponsor of a good or the provider of a service. See [New Kids on the Block v. News Am. Publ'g, Inc.](#), 971 F.2d 302, 305 (9th Cir.1992). It's the owner's way of preventing others from duping

consumers into buying a product they mistakenly believe is sponsored by the trademark owner. A trademark “inform[s] people that trademarked products come from the same source.” *Id.* at 305 n. 2. Limited to this core purpose—avoiding confusion in the marketplace—a trademark owner's property rights play well with the First Amendment. “Whatever first amendment rights you may have in calling the brew you make in your bathtub ‘Pepsi’ are easily outweighed by the buyer's interest in not being fooled into buying it.” *Trademarks Unplugged*, 68 N.Y.U. L.Rev. 960, 973 (1993).

The problem arises when trademarks transcend their identifying purpose. Some trademarks enter our public discourse and become an integral part of our vocabulary. How else do you say that something's “the Rolls Royce of its class”? What else is a quick fix, but a Band-Aid? Does the average consumer know to ask for aspirin as “acetyl salicylic acid”? See *Bayer Co. v. United Drug Co.*, 272 F. 505, 510 (S.D.N.Y.1921). Trademarks often fill in gaps in our vocabulary and add a contemporary flavor to our expressions. Once imbued with such expressive value, the trademark becomes a word in our language and assumes a role outside the bounds of trademark law.

Our likelihood-of-confusion test, see *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir.1979), generally strikes a comfortable balance between the trademark owner's property rights and the public's expressive interests. But when a trademark owner asserts a right to control how we express ourselves—when we'd find it difficult to describe the product any other way (as in the case of aspirin), or when the mark (like Rolls Royce) has taken on an expressive meaning apart from its source-identifying function—applying the traditional test fails to account for the full weight of the public's interest in free expression.

The First Amendment may offer little protection for a competitor who labels its commercial good with a confusingly similar mark, but “[t]rademark rights do not entitle the owner to quash an unauthorized use of the mark by another who is communicating ideas or expressing points of view.” *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 29 (1st Cir.1987). Were we to ignore the expressive value that some marks assume, trademark rights would grow to encroach upon the zone protected by the First Amendment. See *Yankee Publ'g, Inc. v. News Am. Publ'g, Inc.*, 809 F.Supp. 267, 276 (S.D.N.Y.1992)

(“[W]hen unauthorized use of another's mark is part of a communicative message and not a source identifier, the First Amendment is implicated in opposition to the trademark right.”). Simply put, the trademark owner does not have the right to control public discourse whenever the public imbues his mark with a meaning beyond its source-identifying function. See *Anti-Monopoly, Inc. v. Gen. Mills Fun Group*, 611 F.2d 296, 301 (9th Cir.1979) (“It is the source-denoting function *901 which trademark laws protect, and nothing more.”).

B. There is no doubt that MCA uses Mattel's mark: Barbie is one half of Barbie Girl. But Barbie Girl is the title of a song about Barbie and Ken, a reference that—at least today—can only be to Mattel's famous couple. We expect a title to describe the underlying work, not to identify the producer, and Barbie Girl does just that.

The Barbie Girl title presages a song about Barbie, or at least a girl like Barbie. The title conveys a message to consumers about what they can expect to discover in the song itself; it's a quick glimpse of Aqua's take on their own song. The lyrics confirm this: The female singer, who calls herself Barbie, is “a Barbie girl, in [her] Barbie world.” She tells her male counterpart (named Ken), “Life in plastic, it's fantastic. You can brush my hair, undress me everywhere/Imagination, life is your creation.” And off they go to “party.” The song pokes fun at Barbie and the values that Aqua contends she represents. See *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Group*, 886 F.2d 490, 495–96 (2d Cir.1989). The female singer explains, “I'm a blond bimbo girl, in a fantasy world/Dress me up, make it tight, I'm your dolly.”

The song does not rely on the Barbie mark to poke fun at another subject but targets Barbie herself. See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 580, 114 S.Ct. 1164, 127 L.Ed.2d 500 (1994); see also *Dr. Seuss Ent., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1400 (9th Cir.1997). This case is therefore distinguishable from *Dr. Seuss*, where we held that the book *The Cat NOT in the Hat!* borrowed Dr. Seuss's trademarks and lyrics to get attention rather than to mock *The Cat in the Hat!* The defendant's use of the Dr. Seuss trademarks and copyrighted works had “no critical bearing on the substance or style of” *The Cat in the Hat!*, and therefore could not claim First Amendment protection. *Id.* at 1401. *Dr. Seuss* recognized that, where an artistic work targets the original and does not merely borrow another's

property to get attention, First Amendment interests weigh more heavily in the balance. *See id.* at 1400–02; *see also Harley–Davidson, Inc. v. Grottanelli*, 164 F.3d 806, 812–13 (2d Cir.1999) (a parodist whose expressive work aims its parodic commentary at a trademark is given considerable leeway, but a claimed parodic use that makes no comment on the mark is not a permitted trademark parody use).

The Second Circuit has held that “in general the [Lanham] Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.” *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir.1989); *see also Cliffs Notes*, 886 F.2d at 494 (quoting *Rogers*, 875 F.2d at 999). *Rogers* considered a challenge by the actress Ginger Rogers to the film *Ginger and Fred*. The movie told the story of two Italian cabaret performers who made a living by imitating Ginger Rogers and Fred Astaire. Rogers argued that the film’s title created the false impression that she was associated with it.

At first glance, Rogers certainly had a point. Ginger was her name, and Fred was her dancing partner. If a pair of dancing shoes had been labeled Ginger and Fred, a dancer might have suspected that Rogers was associated with the shoes (or at least one of them), just as Michael Jordan has endorsed Nike sneakers that claim to make you fly through the air. But *Ginger and Fred* was not a brand of shoe; it was the title of a movie and, for *902 the reasons explained by the Second Circuit, deserved to be treated differently.

A title is designed to catch the eye and to promote the value of the underlying work. Consumers expect a title to communicate a message about the book or movie, but they do not expect it to identify the publisher or producer. *See Application of Cooper*, 45 C.C.P.A. 923, 254 F.2d 611, 615–16 (C.C.P.A.1958) (A “title ... identifies a specific literary work, ... and is not associated in the public mind with the ... manufacturer.” (internal quotation marks omitted)). If we see a painting titled “Campbell’s Chicken Noodle Soup,” we’re unlikely to believe that Campbell’s has branched into the art business. Nor, upon hearing Janis Joplin croon “Oh Lord, won’t you buy me a Mercedes–Benz?,” would we suspect that she and the carmaker had entered into a joint venture. A title tells us something about the underlying work but seldom speaks to its origin:

Though consumers frequently look to the title of a work to determine what it is about, they do not regard titles of artistic works in the same way as the names of ordinary commercial products. Since consumers expect an ordinary product to be what the name says it is, we apply the Lanham Act with some rigor to prohibit names that misdescribe such goods. But most consumers are well aware that they cannot judge a book solely by its title any more than by its cover.

Rogers, 875 F.2d at 1000 (citations omitted).

Rogers concluded that literary titles do not violate the Lanham Act “unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.” *Id.* at 999 (footnote omitted). We agree with the Second Circuit’s analysis and adopt the *Rogers* standard as our own.

Applying *Rogers* to our case, we conclude that MCA’s use of Barbie is not an infringement of Mattel’s trademark. Under the first prong of *Rogers*, the use of Barbie in the song title clearly is relevant to the underlying work, namely, the song itself. As noted, the song is about Barbie and the values Aqua claims she represents. The song title does not explicitly mislead as to the source of the work; it does not, explicitly or otherwise, suggest that it was produced by Mattel. The *only* indication that Mattel might be associated with the song is the use of Barbie in the title; if this were enough to satisfy this prong of the *Rogers* test, it would render *Rogers* a nullity. We therefore agree with the district court that MCA was entitled to summary judgment on this ground. We need not consider whether the district court was correct in holding that MCA was also entitled to summary judgment because its use of Barbie was a nominative fair use.²

² The likelihood-of-confusion test also governs Mattel’s state law claims of unfair competition. *Cleary v. News Corporation*, 30 F.3d 1255, 1262–63 (9th Cir.1994) (citing *Academy of Motion Picture Arts &*

[Sciences v. Creative House Promotions, Inc.](#), 944 F.2d 1446, 1457 (9th Cir.1991)). Therefore, the district court properly granted summary judgment on these claims as well.

IV

Mattel separately argues that, under the Federal Trademark Dilution Act (“FTDA”), MCA’s song dilutes the Barbie mark in two ways: It diminishes the mark’s capacity to identify and distinguish Mattel products, and tarnishes the mark because the song is inappropriate for *903 young girls. See [15 U.S.C. § 1125\(c\)](#); see also [Panavision](#), 141 F.3d at 1324.

“Dilution” refers to the “whittling away of the value of a trademark” when it’s used to identify different products. [4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 24.67, at 24–120](#); § 24.70, at 24–122 (2001). For example, [Tylenol](#) snowboards, Netscape sex shops and Harry Potter dry cleaners would all weaken the “commercial magnetism” of these marks and diminish their ability to evoke their original associations. Ralph S. Brown, Jr., [Advertising and the Public Interest: Legal Protection of Trade Symbols](#), 57 Yale L.J. 1165, 1187 (1948), reprinted in 108 Yale L.J. 1619 (1999). These uses dilute the selling power of these trademarks by blurring their “uniqueness and singularity,” Frank I. Schechter, [The Rational Basis of Trademark Protection](#), 40 Harv. L.Rev. 813, 831 (1927), and/or by tarnishing them with negative associations.

By contrast to trademark infringement, the injury from dilution usually occurs when consumers *aren’t* confused about the source of a product: Even if no one suspects that the maker of analgesics has entered into the snowboard business, the [Tylenol](#) mark will now bring to mind two products, not one. Whereas trademark law targets “interference with the source signaling function” of trademarks, dilution protects owners “from an appropriation of or free riding on” the substantial investment that they have made in their marks. [I.P. Lund Trading ApS v. Kohler Co.](#), 163 F.3d 27, 50 (1st Cir.1998).

Originally a creature of state law, dilution received nationwide recognition in 1996 when Congress amended the Lanham Act by enacting the FTDA.³ The statute protects “[t]he owner of a famous mark ... against another

person’s commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.” [15 U.S.C. § 1125\(c\)](#). Dilutive uses are prohibited unless they fall within one of the three statutory exemptions discussed below. See pp. 904–07 *infra*. For a lucid and scholarly discussion of the statutory terms, as well as the purposes of the federal dilution statute, we refer the reader to Judge Leval’s opinion in [Nabisco, Inc. v. PF Brands, Inc.](#), 191 F.3d 208, 214–17 (2d Cir.1999). Barbie easily qualifies under the FTDA as a famous and distinctive mark, and reached this status long before MCA began to market the Barbie Girl song. The commercial success of Barbie Girl establishes beyond dispute that the Barbie mark satisfies each of these elements.

³ Even at the state level, dilution is of relatively recent vintage. The first anti-dilution statute was enacted in Massachusetts in 1947, see [Mass. Gen. Laws Ann. Ch. 110B, § 12 \(West 1992\)](#). By the time the FTDA was enacted in 1996, only twenty-six states had anti-dilution statutes on the books. See [4 McCarthy § 24:80, at 24–136.2 n. 2](#); [H.R.Rep. No. 104–374, at 3–4 \(1995\)](#), reprinted in 1995 U.S.C.C.A.N. 1029, 1030–31.

We are also satisfied that the song amounts to a “commercial use in commerce.” Although this statutory language is ungainly, its meaning seems clear: It refers to a use of a famous and distinctive mark to sell goods other than those produced or authorized by the mark’s owner. [Panavision](#), 141 F.3d at 1324–25. That is precisely what MCA did with the Barbie mark: It created and sold to consumers in the marketplace commercial products (the Barbie Girl single and the *Aquarium* album) that bear the Barbie mark.

MCA’s use of the mark is dilutive. MCA does not dispute that, while a reference *904 to Barbie would previously have brought to mind only Mattel’s doll, after the song’s popular success, some consumers hearing Barbie’s name will think of both the doll and the song, or perhaps of the song only.⁴ This is a classic blurring injury and is in no way diminished by the fact that the song itself refers back to Barbie the doll. To be dilutive, use of the mark need not bring to mind the junior user alone. The distinctiveness of the mark is diminished if the mark no longer brings to mind the senior user alone.⁵

⁴ The Supreme Court will soon decide whether the owner of a famous mark must show economic injury to show dilution or whether potential injury is sufficient. *Moseley v. V Secret Catalogue, Inc.*, 535 U.S. 985, 122 S.Ct. 1536, 152 L.Ed.2d 463 (2002). Because MCA did not challenge Mattel's showing as insufficient on this ground, we do not address it.

⁵ Because we find blurring, we need not consider whether the song also tarnished the Barbie mark.

We consider next the applicability of the FTDA's three statutory exemptions. These are uses that, though potentially dilutive, are nevertheless permitted: comparative advertising; news reporting and commentary; and noncommercial use. 15 U.S.C. § 1125(c)(4)(B). The first two exemptions clearly do not apply; only the exemption for noncommercial use need detain us.

A “noncommercial use” exemption, on its face, presents a bit of a conundrum because it seems at odds with the earlier requirement that the junior use be a “commercial use in commerce.” If a use has to be commercial in order to be dilutive, how then can it also be noncommercial so as to satisfy the exception of section 1125(c)(4)(B)? If the term “commercial use” had the same meaning in both provisions, this would eliminate one of the three statutory exemptions defined by this subsection, because any use found to be dilutive would, of necessity, not be noncommercial.

Such a reading of the statute would also create a constitutional problem, because it would leave the FTDA with no First Amendment protection for dilutive speech other than comparative advertising and news reporting. This would be a serious problem because the primary (usually exclusive) remedy for dilution is an injunction.⁶ As noted above, tension with the First Amendment also exists in the trademark context, especially where the mark has assumed an expressive function beyond mere identification of a product or service. See pp. 900–901 *supra*; *New Kids on the Block*, 971 F.2d at 306–08. These concerns apply with greater force in the dilution context because dilution lacks two very significant limitations that reduce the tension between trademark law and the First Amendment.

⁶ The FTDA provides for both injunctive relief and damages, but the latter is only available if plaintiff can prove a willful intent to dilute. 15 U.S.C. § 1125(c)(2).

First, depending on the strength and distinctiveness of the mark, trademark law grants relief only against uses that are likely to confuse. See 5 *McCarthy* § 30:3, at 30–8 to 30–11; *Restatement* § 35 cmt. c at 370. A trademark injunction is usually limited to uses within one industry or several related industries. Dilution law is the antithesis of trademark law in this respect, because it seeks to protect the mark from association in the public's mind with wholly unrelated goods and services. The more remote the good or service associated with the junior use, the more likely it is to cause dilution rather than trademark infringement. A dilution injunction, by contrast to a trademark *905 injunction, will generally sweep across broad vistas of the economy.

Second, a trademark injunction, even a very broad one, is premised on the need to prevent consumer confusion. This consumer protection rationale—averting what is essentially a fraud on the consuming public—is wholly consistent with the theory of the First Amendment, which does not protect commercial fraud. *Cent. Hudson Gas & Elec. v. Pub. Serv. Comm'n*, 447 U.S. 557, 566, 100 S.Ct. 2343, 65 L.Ed.2d 341 (1980); see *Thompson v. W. States Med. Ctr.*, 535 U.S. 357, 122 S.Ct. 1497, 152 L.Ed.2d 563 (2002) (applying *Central Hudson*). Moreover, avoiding harm to consumers is an important interest that is independent of the senior user's interest in protecting its business.

Dilution, by contrast, does not require a showing of consumer confusion, 15 U.S.C. § 1127, and dilution injunctions therefore lack the built-in First Amendment compass of trademark injunctions. In addition, dilution law protects only the distinctiveness of the mark, which is inherently less weighty than the dual interest of protecting trademark owners and avoiding harm to consumers that is at the heart of every trademark claim.

Fortunately, the legislative history of the FTDA suggests an interpretation of the “noncommercial use” exemption that both solves our interpretive dilemma and diminishes some First Amendment concerns: “Noncommercial use” refers to a use that consists entirely of noncommercial, or fully constitutionally protected, speech. See 2 Jerome Gilson et al., *Trademark Protection and Practice* § 5.12[1] [c][vi], at 5–240 (this exemption “is intended to prevent the courts from enjoining speech that has been recognized to be [fully] constitutionally protected,” “such as parodies”). Where, as here, a statute's plain meaning “produces an

absurd, and perhaps unconstitutional, result[, it is] entirely appropriate to consult all public materials, including the background of [the statute] and the legislative history of its adoption.” *Green v. Bock Laundry Mach. Co.*, 490 U.S. 504, 527, 109 S.Ct. 1981, 104 L.Ed.2d 557 (1989) (Scalia, J., concurring).

The legislative history bearing on this issue is particularly persuasive. First, the FTDA's sponsors in both the House and the Senate were aware of the potential collision with the First Amendment if the statute authorized injunctions against protected speech. Upon introducing the counterpart bills, sponsors in each house explained that the proposed law “will not prohibit or threaten noncommercial expression, such as parody, satire, editorial and other forms of expression that are not a part of a commercial transaction.” 141 Cong. Rec. S19306–10, S19310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch); 141 Cong. Rec. H14317–01, H14318 (daily ed. Dec. 12, 1995) (statement of Rep. Moorhead). The House Judiciary Committee agreed in its report on the FTDA. *H.R. Rep. No. 104–374, at 4 (1995)*, reprinted in 1995 U.S.C.C.A.N. 1029, 1031 (“The bill will not prohibit or threaten ‘noncommercial’ expression, as that term has been defined by the courts.”).⁷

⁷ Our interpretation of the noncommercial use exemption does not eliminate all tension between the FTDA and the First Amendment because the exemption does not apply to commercial speech, which enjoys “qualified but nonetheless substantial protection.” *Bolger v. Youngs Drug Prod's Corp.*, 463 U.S. 60, 68, 103 S.Ct. 2875 (1983) (applying *Central Hudson Gas & Electric Corp. v. Pub. Serv. Comm'n.*, 447 U.S. 557, 100 S.Ct. 2343, 65 L.Ed.2d 341 (1980)). See also *Thompson*, 535 U.S. at —, 122 S.Ct. at 1503–04 (same). It is entirely possible that a dilution injunction against purely commercial speech would run afoul of the First Amendment. Because that question is not presented here, we do not address it.

*906 The FTDA's section-by-section analysis presented in the House and Senate suggests that the bill's sponsors relied on the “noncommercial use” exemption to allay First Amendment concerns. *H.R. Rep. No. 104–374*, at 8, reprinted in 1995 U.S.C.C.A.N. 1029, 1035 (the exemption “expressly incorporates the concept of ‘commercial’ speech from the ‘commercial speech’ doctrine, and proscribes dilution actions that seek to enjoin use of famous marks in ‘non-commercial’ uses (such as consumer

product reviews)”). 141 Cong. Rec. S19306–10, S19311 (daily ed. Dec. 29, 1995) (the exemption “is consistent with existing case law[, which] recognize[s] that the use of marks in certain forms of artistic and expressive speech is protected by the First Amendment”). At the request of one of the bill's sponsors, the section-by-section analysis was printed in the Congressional Record. 141 Cong. Rec. S19306–10, S19311 (daily ed. Dec. 29, 1995). Thus, we know that this interpretation of the exemption was before the Senate when the FTDA was passed, and that no senator rose to dispute it.

To determine whether Barbie Girl falls within this exemption, we look to our definition of commercial speech under our First Amendment caselaw. See *H.R. Rep. No. 104–374*, at 8, reprinted in 1995 U.S.C.C.A.N. 1029, 1035 (the exemption “expressly incorporates the concept of ‘commercial’ speech from the ‘commercial speech’ doctrine”); 141 Cong. Rec. S19306–10, S19311 (daily ed. Dec. 29, 1995) (the exemption “is consistent with existing [First Amendment] case law”). “Although the boundary between commercial and noncommercial speech has yet to be clearly delineated, the ‘core notion of commercial speech’ is that it ‘does no more than propose a commercial transaction.’ ” *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180, 1184 (9th Cir.2001) (quoting *Bolger v. Youngs Drug Prod's Corp.*, 463 U.S. 60, 66, 103 S.Ct. 2875, 77 L.Ed.2d 469 (1983)). If speech is not “purely commercial”—that is, if it does more than propose a commercial transaction—then it is entitled to full First Amendment protection. *Id.* at 1185–86 (internal quotation marks omitted).

In *Hoffman*, a magazine published an article featuring digitally altered images from famous films. Computer artists modified shots of Dustin Hoffman, Cary Grant, Marilyn Monroe and others to put the actors in famous designers' spring fashions; a still of Hoffman from the movie “Tootsie” was altered so that he appeared to be wearing a Richard Tyler evening gown and Ralph Lauren heels. Hoffman, who had not given permission, sued under the Lanham Act and for violation of his right to publicity. *Id.* at 1183.

The article featuring the altered image clearly served a commercial purpose: “to draw attention to the for-profit magazine in which it appear[ed]” and to sell more copies. *Id.* at 1186. Nevertheless, we held that the article was fully protected under the First Amendment because it included

protected expression: “humor” and “visual and verbal editorial comment on classic films and famous actors.” *Id.* at 1185 (internal quotation marks omitted). Because its commercial purpose was “inextricably entwined with [these] expressive elements,” the article and accompanying photographs enjoyed full First Amendment protection. *Id.*

Hoffman controls: Barbie Girl is not purely commercial speech, and is therefore *907 fully protected. To be sure, MCA used Barbie's name to sell copies of the song. However, as we've already observed, *see pp.* 901–02 *supra*, the song also lampoons the Barbie image and comments humorously on the cultural values Aqua claims she represents. Use of the Barbie mark in the song Barbie Girl therefore falls within the noncommercial use exemption to the FTDA. For precisely the same reasons, use of the mark in the song's title is also exempted.

V

Mattel next argues that the district court erred in granting summary judgment for the foreign defendants on its unfair competition claim under the Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, as revised at [Stockholm, July 14, 1967, art. 10bis, 21 U.S.T. 1583, 1648](#), 828 U.N.T.S. 305, 337 (hereinafter Paris Convention). Mattel grounds its claim on Article 10bis, which provides that “[t]he countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.” Paris [Convention, art. 10bis, 21 U.S.T. at 1648](#), 828 U.N.T.S. at 337. Mattel asserts that Article 10bis creates a federal cause of action for unfair competition in international disputes, and that section 44 of the Lanham Act, [15 U.S.C. § 1126](#), makes the substantive provisions of the Paris Convention available to United States nationals.

In [Toho Co. v. Sears, Roebuck & Co., 645 F.2d 788, 790–92 \(9th Cir.1981\)](#), the Japanese producer and distributor of “Godzilla” asserted a claim against the manufacturer of “Bagzilla” garbage bags based on a “federal law of unfair competition.” Subsection 44(b) gives to “persons whose country of origin is a party to any [trademark] convention or treaty ... to which the United States is also a party” the benefits of section 44 to the extent necessary to give effect to the provisions of those treaties. [15 U.S.C. § 1126\(b\)](#). These benefits include “effective protection

against unfair competition.” [15 U.S.C. § 1126\(h\)](#). Thus, a foreign national is granted protection against unfair competition consistent with the protections of applicable trademark treaties.

However, we made clear in *Toho* that subsection 44(h) does not create a general federal law of unfair competition. *See* [645 F.2d at 792](#); *see also* [Int'l Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912, 915–16, 916 n. 5 \(9th Cir.1980\)](#). Rather, “[t]he grant in subsection (h) of effective protection against unfair competition is tailored to the provisions of the unfair competition treaties by subsection (b), which extends the benefits of section 44 only to the extent necessary to give effect to the treaties.” [Toho, 645 F.2d at 792](#). Subsection 44(h) creates a federal right that is coextensive with the substantive provisions of the treaty involved. *See id.* Because the treaty involved in *Toho* required that Japanese corporations be treated as favorably as domestic companies with respect to unfair competition claims, we held that subsection 44(h) provided Toho with a federal forum in which to bring its *state* unfair competition claims. *See id.*

Subsection 44(i) goes no farther. It does not create a federal cause of action where subsection 44(h) would not, because it provides only that United States citizens “shall have the same benefits as are granted by this section to persons described in subsection (b) of this section.” [15 U.S.C. § 1126\(i\)](#). And, “so far as concerns ‘unfair competition,’ those ‘benefits’ are limited to such as may be found in some ‘convention or treaty relating to ... the repression of unfair competition.’ The purpose of [subsection *908 44(i)], quite clearly, is no more than to extend to citizens and residents those ‘benefits’ that any ‘convention or treaty’ gives to aliens, including the same remedies for ‘protection against unfair competition’ that subsection (h) gives to aliens.” [Am. Auto. Ass'n v. Spiegel, 205 F.2d 771, 775 \(2d Cir.1953\)](#). The only protection against unfair competition that subsection 44(h) grants to foreign nationals, and that subsection 44(i) therefore grants to American citizens, is that “necessary to give effect to any provisions of [trademark treaties].” [15 U.S.C. § 1126\(b\)](#). Therefore, Mattel's federal unfair competition claim depends on the extent to which the substantive provisions of the Paris Convention create one.

However, we've also held that “the Paris Convention was not intended to define the substantive law in the area of ‘unfair competition’ of the signatory countries.” [Kemart](#)

[Corp. v. Printing Arts Research Labs., Inc., 269 F.2d 375, 389 \(9th Cir.1959\)](#). The Paris Convention does not provide substantive rights but ensures “national treatment.” [4 McCarthy § 29:25](#). That is, it requires that “foreign nationals ... be given the same treatment in each of the member countries as that country makes available to its own citizens.” [Vanity Fair Mills v. T. Eaton, 234 F.2d 633, 640 \(2d Cir.1956\)](#).

Section 44 and the Paris Convention therefore interact as follows: A foreign national is entitled to the same “effective protection against unfair competition” to which an American is entitled, Paris Convention, art. 10bis, and in turn, the American gets the same right that the foreign national gets. We treat Mattel like a foreign national, who is treated like an American under the Paris Convention. Accordingly, Mattel is entitled to assert a cause of action under the Lanham Act for trademark infringement, [15 U.S.C. § 1114](#), or for false designation of origin, [15 U.S.C. § 1125](#), or it may assert state law claims for unfair competition, as it did. *See* n. 2 *supra*. But Mattel has no claim to a nonexistent federal cause of action for unfair competition. As said, the Paris Convention provides for national treatment, and does not define the substantive law of unfair competition. We therefore reject Mattel's argument that a treaty provision providing for “national treatment” gives it more protections against foreign nationals than it has against U.S. nationals.

VI

After Mattel filed suit, Mattel and MCA employees traded barbs in the press. When an MCA spokeswoman noted that each album included a disclaimer saying that Barbie Girl was a “social commentary [that was] not created or approved by the makers of the doll,” a Mattel representative responded by saying, “That's unacceptable.... It's akin to a bank robber handing a note of apology to a teller during a heist. [It n]either diminishes the severity of the crime, nor does it make it legal.” He later characterized the song as a “theft” of “another company's property.”

MCA filed a counterclaim for defamation based on the Mattel representative's use of the words “bank robber,” “heist,” “crime” and “theft.” But all of these are variants of the invective most often hurled at accused infringers, namely “piracy.” No one hearing this

accusation understands intellectual property owners to be saying that infringers are nautical cutthroats with eyepatches and peg legs who board galleons to plunder cargo. In context, all these terms are nonactionable “rhetorical hyperbole,” [Gilbrook v. City of Westminster, 177 F.3d 839, 863 \(9th Cir.1999\)](#). The parties are advised to chill.

AFFIRMED.

*909 APPENDIX

“Barbie Girl” by Aqua

-Hiya Barbie!

-Hi Ken!

You wanna go for a ride?

-Sure, Ken!

-Jump in!

-Ha ha ha ha!

(CHORUS:)

I'm a Barbie girl, in my Barbie world

Life in plastic, it's fantastic

You can brush my hair, undress me everywhere

Imagination, life is your creation

Come on Barbie, let's go party!

(CHORUS)

I'm a blonde bimbo girl, in a fantasy world

Dress me up, make it tight, I'm your dolly

You're my doll, rock and roll, feel the glamour in pink

Kiss me here, touch me there, hanky-panky

You can touch, you can play

If you say "I'm always yours," ooh ooh

(CHORUS)

(BRIDGE:)

Come on, Barbie, let's go party, ah ah ah yeah

Come on, Barbie, let's go party, ooh ooh, ooh ooh

Come on, Barbie, let's go party, ah ah ah yeah

Come on, Barbie, let's go party, ooh ooh, ooh ooh

Make me walk, make me talk, do whatever you please

I can act like a star, I can beg on my knees

Come jump in, be my friend, let us do it again

Hit the town, fool around, let's go party

You can touch, you can play

You can say "I'm always yours"

You can touch, you can play

You can say "I'm always yours"

(BRIDGE)

(CHORUS x2)

(BRIDGE)

-Oh, I'm having so much fun!

-Well, Barbie, we're just getting started!

-Oh, I love you Ken!

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547 F.3d 1095
United States Court of Appeals,
Ninth Circuit.

E.S.S. ENTERTAINMENT 2000, INC.,
d/b/a Playpen, Plaintiff-Appellant,

v.

ROCK STAR VIDEOS, INC., e/s/a MMM
Rockstar Games, Inc.; Take-Two Interactive
Software, Inc., Defendants-Appellees.

No. 06-56237.

|
Argued and Submitted March 5, 2008.

|
Filed Nov. 5, 2008.

Synopsis

Background: Owner of strip club with name “Play Pen Gentlemen's Club” brought suit against creator of video games, claiming that depiction of club having name “Pig Pen” in one video game violated club owner's trademark and trade dress protection under Lanham Act. The United States District Court for the Central District of California, [Margaret M. Morrow, J.](#), [444 F.Supp.2d 1012](#), granted video game creator's motion for summary judgment. Strip club owner appealed.

Holdings: The Court of Appeals, [O'Scannlain](#), Circuit Judge, held that:

nominative fair use defense did not apply to video game creator's use of “Pig Pen,” but

video game creator's use of “Pig Pen” was protected by the First Amendment.

Affirmed.

Attorneys and Law Firms

***1096** [Robert F. Helfing](#), Sedgwick, Detert, Moran & Arnold LLP, Los Angeles, CA, for the plaintiff-appellant; David A. Schinder, Sedgwick, Detert, Moran & Arnold LLP, Los Angeles, CA, and [Ernest J. Franceschi](#), Attorney, Los Angeles, CA, were on the briefs.

[Russell Frackman](#), Mitchell Silberberg & Knupp LLP, Los Angeles, CA, for the defendants-appellees; [Karin G. Pagnanelli](#) and [Eric J. German](#) were on the brief.

Appeal from the United States District Court for the Central District of California; [Margaret M. Morrow](#), District Judge, Presiding. D.C. No. CV-05-02966-MMM.

Before: [JOHN R. GIBSON](#),* Senior Circuit Judge, [DIARMUID F. O'SCANNLAIN](#) and [SUSAN P. GRABER](#), Circuit Judges.

*
— The Honorable [John R. Gibson](#), Senior United States Circuit Judge for the Eighth Circuit, sitting by designation.

Opinion

[O'SCANNLAIN](#), Circuit Judge:

We must decide whether a producer of a video game in the “Grand Theft Auto” series has a defense under the First Amendment against a claim of trademark infringement.

I

A

Rockstar Games, Inc. (“Rockstar”), a wholly owned subsidiary of Take-Two Interactive Software, Inc., manufactures and distributes the Grand Theft Auto series of video games (the “Series”), including Grand Theft Auto: San Andreas (“San Andreas” or the “Game”). The Series is known for an irreverent and sometimes crass brand of humor, gratuitous violence and sex, and overall seediness.

***1097** Each game in the Series takes place in one or more dystopic, cartoonish cities modeled after actual American urban areas. The games always include a disclaimer stating that the locations depicted are fictional. Players control the game's protagonist, trying to complete various “missions” on a video screen. The plot advances with each mission accomplished until the player, having passed through thousands of cartoon-style places along the way, wins the game.

Consistent with the tone of the Series, San Andreas allows a player to experience a version of West Coast “gangster” culture. The Game takes place in the virtual cities of “Los Santos,” “San Fierro,” and “Las Venturas,” based on Los Angeles, San Francisco, and Las Vegas, respectively.

Los Santos, of course, mimics the look and feel of actual Los Angeles neighborhoods. Instead of “Hollywood,” “Santa Monica,” “Venice Beach,” and “Compton,” Los Santos contains “Vinewood,” “Santa Maria,” “Verona Beach,” and “Ganton.” Rockstar has populated these areas with virtual liquor stores, ammunition dealers, casinos, pawn shops, tattoo parlors, bars, and strip clubs. The brand names, business names, and other aspects of the locations have been changed to fit the irreverent “Los Santos” tone. Not especially saintly, Los Santos is complete with gangs who roam streets inhabited by prostitutes and drug pushers while random gunfire punctuates the soundtrack.

To generate their vision for Los Santos, some of the artists who drew it visited Los Angeles to take reference photographs. The artists took pictures of businesses, streets, and other places in Los Angeles that they thought evoked the San Andreas theme. They then returned home (to Scotland) to draw Los Santos, changing the images from the photographs as necessary to fit into the fictional world of Los Santos and San Andreas. According to Nikolas Taylor (“Taylor”), the Lead Map Artist for Los Santos, he and other artists did not seek to “re-creat[e] a realistic depiction of Los Angeles; rather, [they] were creating ‘Los Santos,’ a fictional city that lampooned the seedy underbelly of Los Angeles and the people, business and places [that] comprise it.” One neighborhood in the fictional city is “East Los Santos,” the Game’s version of East Los Angeles. East Los Santos contains variations on the businesses and architecture of the real thing, including a virtual, cartoon-style strip club known as the “Pig Pen.”

B

ESS Entertainment 2000, Inc. (“ESS”), operates a strip club, which features females dancing nude, on the eastern edge of downtown Los Angeles under the name Play Pen Gentlemen’s Club (“Play Pen”). ESS claims that Rockstar’s depiction of an East Los Santos strip club called the Pig Pen infringes its trademark and trade dress associated with the Play Pen.

The Play Pen’s “logo” consists of the words “the Play Pen” (and the lower-and upper-case letters forming those words) and the phrase “Totally Nude” displayed in a publicly available font, with a silhouette of a nude female dancer inside the stem of the first “P.” Apparently, ESS has no physical master or precise template for its logo. Different artists draw the nude silhouette in Play Pen’s logo anew for each representation, although any final drawing must be acceptable to Play Pen’s owners. There are several different versions of the silhouette, and some advertisements and signs for the Play Pen do not contain the nude silhouettes.

Although the artists took some inspiration from their photographs of the Play Pen, it seems they used photographs of other East Los Angeles locations to design other aspects of the Pig Pen. The Pig Pen building in Los Santos, for instance, lacks certain characteristics of the Play Pen building such as a stone facade, a valet stand, large plants and gold columns around the entrance, and a six-foot black iron fence around the parking lot. The Play Pen also has a red, white, and blue pole sign near the premises, which includes a trio of nude silhouettes above the logo and a separate “Totally Nude” sign below. The Pig Pen does not.

C

On April 22, 2005, ESS filed the underlying trademark violation action in district court against Rockstar. ESS asserted four claims: (1) trade dress infringement and unfair competition under section 43(a) of the Lanham Act, [15 U.S.C. § 1125\(a\)](#);¹ (2) trademark infringement under [California Business and Professions Code § 14320](#);² (3) unfair competition under [California Business and Professions Code §§ 17200 et seq.](#); and (4) unfair competition under California common law. The heart of ESS’s complaint is that Rockstar has used Play Pen’s distinctive logo and trade dress without its authorization and has created a likelihood of confusion among consumers as to whether ESS has endorsed, or is associated with, the video depiction.

¹ “Trade dress involves the total image of a product and may include features such as size, shape, color or color combination, texture, graphics, or even particular sales technique.” [Mattel Inc. v. Walking](#)

Mountain Prods., 353 F.3d 792, 808 n. 13 (9th Cir.2003) (internal quotation marks and citations omitted). Because the only relevant similarities at issue in this case involve the use of the “Pig Pen” mark versus the “Play Pen” mark, disposition of the trade dress infringement claim follows resolution of the trademark infringement claim. See *Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery*, 150 F.3d 1042, 1046 (9th Cir.1998) (“Section 43(a) now protects both trademarks and trade dress from infringement ... [and] there is no persuasive reason to apply different analysis[sic] to the two.” (internal quotation marks, alteration and citation omitted)).

2 This section has recently been repealed. Cal. Stats. ch. 711 § 1. Since we hold that Rockstar has a defense to all of ESS's claims, the repeal is irrelevant to our decision.

In response, Rockstar moved for summary judgment on all of ESS's claims, arguing that the affirmative defenses of nominative fair use and the First Amendment protected it against liability. It also argued that its use of ESS's intellectual property did not infringe ESS's trademark by creating a “likelihood of confusion.”

Although the district court rejected Rockstar's nominative fair use defense, it granted summary judgment based on the First Amendment defense. The district court did not address the merits of the trademark claim because its finding that Rockstar had a defense against liability made such analysis unnecessary.

II

Rockstar argues that, regardless of whether it infringed ESS's trademark under the Lanham Act or related California law, it is entitled to two defenses: one under the nominative fair use doctrine and one under the First Amendment.

A

“Unlike a traditional fair use scenario, [nominative fair use occurs when] the defendant ... us[es] the trademarked term to describe not its own product, but the plaintiff's.” *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir.2002). The doctrine protects those who deliberately use another's trademark or trade dress “for the ‘purposes

of comparison, criticism [,] or point of reference.’” *1099 *Walking Mountain*, 353 F.3d at 809 (alteration omitted) (quoting *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 306 (9th Cir.1992)). In this case, however, Rockstar's use of “Pig Pen” is not “identical to the plaintiff's [Play Pen] mark.” Furthermore, the district court observed that Rockstar's Lead Map Artist “testified the goal in designing the Pig Pen was ... not to comment on Play Pen *per se*.” Since Rockstar did not use the trademarked logo to describe ESS's strip club, the district court correctly held that the nominative fair use defense does not apply in this case. See *Welles*, 279 F.3d at 801.

B

Rockstar's second defense asks us to consider the intersection of trademark law and the First Amendment. The road is well traveled. We have adopted the Second Circuit's approach from *Rogers v. Grimaldi*, which “requires courts to construe the Lanham Act ‘to apply to artistic works *only* where the public interest in avoiding consumer confusion *outweighs* the public interest in free expression.’” *Walking Mountain*, 353 F.3d at 807 (emphasis in original) (quoting *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir.1989)). The specific test contains two prongs. An artistic work's use of a trademark that otherwise would violate the Lanham Act is not actionable “ ‘unless the [use of the mark] has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless [it] explicitly misleads as to the source or the content of the work.’” *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 902 (9th Cir.2002) (quoting *Rogers*, 875 F.2d at 999). Although this test traditionally applies to uses of a trademark in the title of an artistic work, there is no principled reason why it ought not also apply to the use of a trademark in the body of the work. See *Walking Mountain*, 353 F.3d at 809 n. 17 (implying that it would be acceptable to apply the *Rogers* test to non-titular trade dress claim). The parties do not dispute such an extension of the doctrine.

1

We first adopted the *Rogers* test in *MCA Records*, a case which is instructive for that reason. *MCA Records*, 296 F.3d at 902 (“We agree with the Second Circuit's analysis and adopt the *Rogers* standard as our own.”).

In *MCA Records*, the maker of the iconic “Barbie” dolls sued MCA for trademark infringement in the title of a song the record company had released, called “Barbie Girl.” *Id.* at 899-900. The song was a commentary “about Barbie and the values ... she [supposedly] represents.” *Id.* at 902. Applying *Rogers*, the court held that the First Amendment protected the record company. The first prong was straightforward. Because the song was about Barbie, “the use of Barbie in the song title clearly is relevant to the underlying work.” *Id.*; see also *Walking Mountain*, 353 F.3d at 807 (holding that use of Barbie doll in photographic parody was relevant to the underlying work).

Moving to the second prong, we made an important point. “The *only* indication,” we observed, “that Mattel might be associated with the song is the use of Barbie in the title; if this were enough to satisfy this prong of the *Rogers* test, it would render *Rogers* a nullity.” *MCA Records*, 296 F.3d at 902 (emphasis in original). This makes good sense. After all, a trademark infringement claim presupposes a use of the mark. If that necessary element in every trademark case vitiated a First Amendment defense, the First Amendment would provide no defense at all.

2

Keeping *MCA Records* and related cases in mind, we now turn to the matter before us. ESS concedes that the Game is artistic and that therefore the *Rogers* test *1100 applies. However, ESS argues both that the incorporation of the Pig Pen into the Game has no artistic relevance and that it is explicitly misleading. It rests its argument on two observations: (1) the Game is not “about” ESS’s Play Pen club the way that “Barbie Girl” was “about” the Barbie doll in *MCA Records*; and (2) also unlike the Barbie case, where the trademark and trade dress at issue was a cultural icon (Barbie), the Play Pen is not a cultural icon.

ESS’s objections, though factually accurate, miss the point. Under *MCA Records* and the cases that followed it, only the use of a trademark with “*no* artistic relevance to the underlying work *whatsoever*” does not merit First Amendment protection. *Id.* (emphasis added) (quoting *Rogers*, 875 F.2d at 999). In other words, the level of relevance merely must be above zero. It is true that the Game is not “about” the Play Pen the way that Barbie Girl was about Barbie. But, given the low threshold the

Game must surmount, that fact is hardly dispositive. It is also true that Play Pen has little cultural significance, but the same could be said about most of the individual establishments in East Los Angeles. Like most urban neighborhoods, its distinctiveness lies in its “look and feel,” not in particular destinations as in a downtown or tourist district. And that neighborhood, with all that characterizes it, *is* relevant to Rockstar’s artistic goal, which is to develop a cartoon-style parody of East Los Angeles. Possibly the only way, and certainly a reasonable way, to do that is to recreate a critical mass of the businesses and buildings that constitute it. In this context, we conclude that to include a strip club that is similar in look and feel to the Play Pen does indeed have at least “some artistic relevance.” See *id.*

3

ESS also argues that Rockstar’s use of the Pig Pen “explicitly misleads as to the source or the content of the work.” *Id.* (quoting *Rogers*, 875 F.2d at 999). This prong of the test points directly at the purpose of trademark law, namely to “avoid confusion in the marketplace by allowing a trademark owner to prevent others from duping consumers into buying a product they mistakenly believe is sponsored by the trademark owner.” *Walking Mountain*, 353 F.3d at 806 (internal quotation marks and alteration omitted). The relevant question, therefore, is whether the Game would confuse its players into thinking that the Play Pen is somehow behind the Pig Pen or that it sponsors Rockstar’s product. In answering that question, we keep in mind our observation in *MCA Records* that the mere use of a trademark alone cannot suffice to make such use explicitly misleading. See *MCA Records*, 296 F.3d at 902.

Both San Andreas and the Play Pen offer a form of low-brow entertainment; besides this general similarity, they have nothing in common. The San Andreas Game is not complementary to the Play Pen; video games and strip clubs do not go together like a horse and carriage or, perish the thought, love and marriage. Nothing indicates that the buying public would reasonably have believed that ESS produced the video game or, for that matter, that Rockstar operated a strip club. A player can enter the virtual strip club in Los Santos, but ESS has provided no evidence that the setting is anything but generic. It also seems far-fetched that someone playing

San Andreas would think ESS had provided whatever expertise, support, or unique strip-club knowledge it possesses to the production of the game. After all, the Game does not revolve around running or patronizing a strip club. Whatever one can do at the Pig Pen seems quite incidental to the overall story of the Game. A reasonable consumer would not think a company that owns one strip club in East Los Angeles, which is not well *1101 known to the public at large, also produces a technologically sophisticated video game like San Andreas.

Undeterred, ESS also argues that, because players are free to ignore the storyline and spend as much time as they want at the Pig Pen, the Pig Pen can be considered a significant part of the Game, leading to confusion. But fans can spend all nine innings of a baseball game at the hot dog stand; that hardly makes Dodger Stadium a butcher's shop. In other words, the chance to attend a virtual strip club is unambiguously *not* the main selling point of the Game.

III

Considering all of the foregoing, we conclude that Rockstar's modification of ESS's trademark is not explicitly misleading and is thus protected by the First Amendment. Since the First Amendment defense applies equally to ESS's state law claims as to its Lanham Act claim, the district court properly dismissed the entire case on Rockstar's motion for summary judgment.

AFFIRMED.

All Citations

547 F.3d 1095, 88 U.S.P.Q.2d 1691, 08 Cal. Daily Op. Serv. 13,840, 2008 Daily Journal D.A.R. 16,590

724 F.3d 1235
United States Court of Appeals,
Ninth Circuit.

James “Jim” BROWN, Plaintiff–Appellant,

v.

ELECTRONIC ARTS, INC., a Delaware
corporation, Defendant–Appellee.

No. 09–56675.

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Argued and Submitted Feb. 15, 2011.

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Submission Vacated Feb. 18, 2011.

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Argued and Resubmitted July 13, 2012.

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Filed July 31, 2013.

Synopsis

Background: Former professional football player sued video game manufacturer, alleging, inter alia, that manufacturer violated Lanham Act by using his likeness in series of football video games. The United States District Court for the Central District of California, [Florence–Marie Cooper, J.](#), [2009 WL 8763151](#), granted manufacturer's motion to dismiss Lanham Act claim. Former player appealed.

Holdings: The Court of Appeals, [Bybee](#), Circuit Judge, held that:

[Rogers](#) test governed former player's false endorsement claim under Lanham Act;

use of former player's likeness was artistically relevant to football video games under [Rogers](#) test;

use of former player's likeness, coupled with consumer survey, did not show explicit misleading conduct required under [Rogers](#) test to establish false endorsement claim under Lanham Act;

manufacturer's changes to versions of its games that could make consumers less confident that former player was player being depicted did not mislead consumers

into believing that former player was involved with or endorsed manufacturer's games; and

district court could decide, on motion to dismiss, that former player did not satisfy [Rogers](#) test, as required for him to pursue false endorsement claim under Lanham Act.

Affirmed.

West Codenotes

Limited on Constitutional Grounds

[15 U.S.C.A. § 1125\(a\)\(1\)](#)

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* The motion of these organizations to file their amicus brief is **GRANTED**.

Appeal from the United States District Court for the Central District of California, [Florence–Marie Cooper](#), District Judge, Presiding. D.C. No. 2:09–cv–01598–FMC–RZ.

Before: [SIDNEY R. THOMAS](#) and [JAY S. BYBEE](#), Circuit Judges, and [GORDON J. QUIST](#), Senior District Judge. ^{**}

^{**} The Honorable [Gordon J. Quist](#), Senior District Judge for the U.S. District Court for Western Michigan, sitting by designation.

OPINION

[BYBEE](#), Circuit Judge:

Plaintiff—Appellant James “Jim” Brown alleges that Defendant—Appellee Electronic Arts, Inc. (“EA”) has violated § 43(a) of the Lanham Act, ^{*1239} [15 U.S.C. § 1125\(a\)](#), through the use of Brown's likeness in EA's *Madden NFL* series of football video games. In relevant part, § 43(a) provides for a civil cause of action against:

[a]ny person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which ... is likely to cause confusion, or to cause 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 by another person[.]

[15 U.S.C. § 1125\(a\)\(1\)](#). Although claims under § 43(a) generally relate to the use of trademarks or trade dress to cause consumer confusion over affiliation or endorsement, we have held that claims can also be

brought under § 43(a) relating to the use of a public figure's persona, likeness, or other uniquely distinguishing characteristic to cause such confusion. ¹

¹ See [Waits v. Frito–Lay, Inc.](#), 978 F.2d 1093, 1110 (9th Cir.1992) (“A false endorsement claim based on the unauthorized use of a celebrity's identity is a type of false association claim, for it alleges the misuse of a trademark, *i.e.*, a symbol or device such as a visual likeness, vocal imitation, or other uniquely distinguishing characteristic, which is likely to confuse consumers as to the plaintiff's sponsorship or approval of the product.”); see also [White v. Samsung Elecs. Am., Inc.](#), 971 F.2d 1395, 1399–1400 (9th Cir.1992) (“In cases involving confusion over endorsement by a celebrity plaintiff, ‘mark’ means the celebrity's persona.”).

Section 43(a) protects the public's interest in being free from consumer confusion about affiliations and endorsements, but this protection is limited by the First Amendment, particularly if the product involved is an expressive work. Recognizing the need to balance the public's First Amendment interest in free expression against the public's interest in being free from consumer confusion about affiliation and endorsement, the Second Circuit created the “*Rogers* test” in [Rogers v. Grimaldi](#), 875 F.2d 994 (2d Cir.1989). Under the *Rogers* test, § 43(a) will not be applied to expressive works “unless the [use of the trademark or other identifying material] has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the [use of trademark or other identifying material] explicitly misleads as to the source or the content of the work.” *Id.* at 999. We adopted the *Rogers* test in [Mattel, Inc. v. MCA Records, Inc.](#), 296 F.3d 894 (9th Cir.2002).

Applying the *Rogers* test, the district court in this case granted EA's motion to dismiss Brown's Lanham Act claim, finding that Brown had not alleged facts that satisfied either condition that allow a § 43(a) claim to succeed under the *Rogers* test. [Brown v. Elec. Arts, Inc.](#), No. 2:09–cv–01598, 2009 WL 8763151, at *3–5, 2009 U.S. Dist. LEXIS 131387, at *8–15 (C.D.Cal. Sept. 23, 2009). Brown appealed, challenging the applicability of the *Rogers* test, the district court's analysis under the *Rogers* test, and the suitability of his case for resolution without additional factfinding. We affirm the district court's decision.

I

Jim Brown is widely regarded as one of the best professional football players of all *1240 time. He starred for the Cleveland Browns from 1957 to 1965 and was inducted into the National Football League (“NFL”) Hall of Fame after his retirement. After his NFL career, Brown also achieved success as an entertainer and public servant. There is no question that he is a public figure whose persona can be deployed for economic benefit.

EA is a manufacturer, distributor and seller of video games and has produced the *Madden NFL* series of football video games since 1989. The *Madden NFL* series allows users of the games to control avatars representing professional football players as those avatars participate in simulated NFL games. In addition to these simulated games, *Madden NFL* also enables users to participate in other aspects of a simulated NFL by, for example, creating and managing a franchise. Each version of *Madden NFL* includes the current year's NFL teams with the teams' current rosters. Each avatar on a current team is designed to mirror a real current NFL player, including the player's name, jersey number, physical attributes, and physical skills. Some versions of the game also include historical and all-time teams. Unlike for players on the current NFL teams, no names are used for the players on the historical and all-time teams, but these players are recognizable due to the accuracy of their team affiliations, playing positions, ages, heights, weights, ability levels, and other attributes. Although EA enters into licensing agreements with the NFL and NFL Players Association (“NFLPA”) for its use of the names and likenesses of current NFL players, Brown, as a former player, is not covered by those agreements and has never entered into any other agreement allowing EA to use his likeness in *Madden NFL*. Brown asserts that EA has used his likeness in several versions of the game dating back at least to 2001 but that he has never been compensated.

Brown brought suit in the United States District Court for the Central District of California, claiming that EA's use of his likeness in the *Madden NFL* games violated § 43(a) of the Lanham Act. Brown also brought claims under California law for invasion of privacy and unfair and unlawful business practices. EA filed a motion to dismiss pursuant to [Rule 12\(b\)\(6\) of the Federal Rules of Civil Procedure](#), and the district court applied the [Rogers](#) test

and dismissed Brown's Lanham Act claim. [Brown](#), 2009 WL 8763151, at *3–5, 2009 U.S. Dist. LEXIS 131387, at *9–15. The district court declined to exercise supplemental jurisdiction over the state-law claims. [Id.](#) at *5–6, 2009 U.S. Dist. LEXIS 131387, at *15–16. Brown filed a timely appeal of the dismissal of his Lanham Act claim.² We have jurisdiction pursuant to [28 U.S.C. § 1291](#). We review the district court's dismissal de novo. [Kahle v. Gonzales](#), 487 F.3d 697, 699 (9th Cir.2007).

2

We emphasize that this appeal relates only to Brown's Lanham Act claim. Were the state causes of action before us, our analysis may be different and a different outcome may obtain. *See, e.g. Keller v. Elec. Arts, Inc.*, 724 F.3d 1268, 1271, No. 10–15387, 2013 WL 3928293, *1 (9th Cir. July 31, 2013) (affirming a district court's ruling that EA had no First Amendment defense against the state-law right-of-publicity claims of former college football player Samuel Keller and other former college football and basketball players related to the use of their likenesses in EA's college football and college basketball video games).

II

The legal issues raised by this case are not novel, but their lack of novelty should *1241 not be mistaken for lack of difficulty. Significant judicial resources, including the resources of this court, have been expended trying to find the appropriate balance between trademark and similar rights, on the one hand, and First Amendment rights, on the other. Brown suggests that the case law has produced a lack of clarity as to the appropriate legal framework to apply in this case and urges us to consider the “likelihood of confusion” test and the “alternative means” test in addition to the [Rogers](#) test. We are convinced that the [Rogers](#) test remains the appropriate framework.

A decade ago, in [Mattel, Inc. v. MCA Records, Inc.](#), we adopted the [Rogers](#) test as our method for balancing the trademark and similar rights protected by § 43(a) of the Lanham Act against First Amendment rights in cases involving expressive works. [MCA](#), 296 F.3d at 902. Although [MCA](#) concerned the use of a trademark in the title of an expressive work, and the language of the [MCA](#) opinion did not make it clear that we were adopting the [Rogers](#) test for cases where the trademark or other identifying material in question was used in the body of

a work rather than in the title, we clarified in *E.S.S. Entertainment 2000, Inc. v. Rock Star Videos, Inc.* that application of the *Rogers* test was not dependent on the identifying material appearing in the title but “also appl[ies] to the use of a trademark in the body of the work.” 547 F.3d 1095, 1099 (9th Cir.2008). We have consistently employed the *Rogers* test in § 43(a) cases involving expressive works since *MCA*, including where the trademark or other identifying material in question was used in the body of a work rather than in the title. See, e.g., *id.*; *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792 (9th Cir.2003).

The *Rogers* test is reserved for expressive works. Even if *Madden NFL* is not the expressive equal of *Anna Karenina* or *Citizen Kane*, the Supreme Court has answered with an emphatic “yes” when faced with the question of whether video games deserve the same protection as more traditional forms of expression. In *Brown v. Entertainment Merchants Ass'n*, the Court said that “[l]ike the protected books, plays, and movies that preceded them, video games communicate ideas—and even social messages—through many familiar literary devices (such as characters, dialogue, plot, and music) and through features distinctive to the medium (such as the player’s interaction with the virtual world)” and that these similarities to other expressive mediums “suffice[] to confer First Amendment protection.” — U.S. —, 131 S.Ct. 2729, 2733, 180 L.Ed.2d 708 (2011). Although there may be some work referred to as a “video game” (or referred to as a “book,” “play,” or “movie” for that matter) that does not contain enough of the elements contemplated by the Supreme Court to warrant First Amendment protection as an expressive work, no version of *Madden NFL* is such a work. Every version of the game features characters (players), dialogue (between announcers), plot (both within a particular simulated game and more broadly), and music. Interaction between the virtual world of the game and individuals playing the game is prevalent. Even if there is a line to be drawn between expressive video games and non-expressive video games, and even if courts should at some point be drawing that line, we have no need to draw that line here.³ Each version of *Madden NFL* is an expressive work, and our precedents dictate that we apply the *Rogers* test in § 43(a) cases involving *1242 expressive works. Brown acknowledges that *Rogers* may apply here, but he argues that the “likelihood of confusion” test, exemplified by *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir.1997), or the

“alternative means” test, exemplified by *International Olympic Committee v. San Francisco Arts & Athletics*, 781 F.2d 733 (9th Cir.1986), *reh'g en banc denied*, 789 F.2d 1319 (9th Cir.1986), *aff'd on other grounds*, *S.F. Arts & Athletics, Inc. v. U.S. Olympic Comm.*, 483 U.S. 522, 107 S.Ct. 2971, 97 L.Ed.2d 427 (1987), are also relevant. We disagree. We have previously rejected the “likelihood of confusion” test as “fail[ing] to account for the full weight of the public’s interest in free expression” when expressive works are involved. *MCA*, 296 F.3d at 900. The “alternative means” test was rejected for the same reason in *Rogers* itself, 875 F.2d at 999, a position we approved by adopting the *Rogers* test in *MCA*. The only relevant legal framework for balancing the public’s right to be free from consumer confusion about Brown’s affiliation with *Madden NFL* and EA’s First Amendment rights in the context of Brown’s § 43(a) claim is the *Rogers* test.

³ Brown points to several examples of courts suggesting that certain video games may not warrant First Amendment protection as expressive works, but all of the cases cited were decided years before the Supreme Court issued its opinion in *Brown v. Entertainment Merchants Ass'n*, — U.S. —, 131 S.Ct. 2729, 180 L.Ed.2d 708 (2011). See *Am. Amusement Mach. Ass'n v. Kendrick*, 244 F.3d 572, 579–80 (7th Cir.2001); *Wilson v. Midway Games, Inc.*, 198 F.Supp.2d 167, 180–81 (D.Conn.2002); *Am.'s Best Family Showplace Corp. v. City of New York*, 536 F.Supp. 170, 173–74 (E.D.N.Y.1982). Brown argues that EA’s insistence that the *Rogers* test governs is an attempt to portray First Amendment law as settled with regard to video games when it is in fact evolving, but *Brown v. Entertainment Merchants Ass'n* demonstrates that any evolution favors greater protection, a fact Brown ignores by emphasizing these earlier cases. This evolution in recent years toward greater First Amendment protection for non-traditional media has not been limited to video games. See, e.g., *Anderson v. City of Hermosa Beach*, 621 F.3d 1051, 1055 (9th Cir.2010) (holding that “tattooing is a purely expressive activity fully protected by the First Amendment”).

III

Rogers involved a suit brought by the famous performer Ginger Rogers against the producers and distributors of *Ginger and Fred*, a movie about two fictional Italian cabaret performers who imitated Rogers and her frequent

performing partner Fred Astaire. [Rogers, 875 F.2d at 996–97](#). Among Rogers' claims was that the use of her name in the title of the movie violated § 43(a) by creating the false impression that she was involved with the film. [Id. at 997](#). Recognizing that enforcing § 43(a) in this context might constrain free expression in violation of the First Amendment, the Second Circuit asserted that the Lanham Act should be “appl[ie]d to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.” [Id. at 999](#). The [Rogers](#) court introduced a two-pronged test, under which the Lanham Act should not be applied to expressive works “unless the [use of the trademark or other identifying material] has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the [trademark or other identifying material] explicitly misleads as to the source or the content of the work.” [Id.](#)

A

As we explained in [E.S.S.](#), a case with similar facts to Brown's case in which we applied the [Rogers](#) test to a § 43(a) *1243 claim related to the use of the likeness of a Los Angeles strip club in the video game *Grand Theft Auto: San Andreas*, “the level of [artistic] relevance [of the trademark or other identifying material to the work] merely must be above zero” for the trademark or other identifying material to be deemed artistically relevant. [547 F.3d at 1100](#). This black-and-white rule has the benefit of limiting our need to engage in artistic analysis in this context.⁴

⁴ Cf. [Bleistein v. Donaldson Lithographing Co.](#), 188 U.S. 239, 251, 23 S.Ct. 298, 47 L.Ed. 460 (1903) (Holmes, J.) (“It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits.”).

We agree with the district court that the use of Brown's likeness is artistically relevant to the *Madden NFL* games. As Brown points out in trying to undermine the status of the games as expressive works, EA prides itself on the extreme realism of the games. As Brown emphasizes in arguing that it is in fact his likeness in the games: “[I]t is axiomatic the #65 Cleveland Browns simply, by definition, cannot be the #65 Cleveland Browns without the players who played for the #65 Cleveland Browns. This fundamental truth applies especially to

that team's most famous player, Jim Brown.” Given the acknowledged centrality of realism to EA's expressive goal, and the importance of including Brown's likeness to realistically recreate one of the teams in the game, it is obvious that Brown's likeness has at least some artistic relevance to EA's work. The fact that any given version of *Madden NFL* includes likenesses of thousands of different current and former NFL players does not impact this analysis. In *E.S.S.*, the virtual strip club in question was just one of many virtual structures included by the designers of *Grand Theft Auto: San Andreas* in an attempt to simulate the feel of East Los Angeles, but we nonetheless concluded that the strip club was artistically relevant to the work. [547 F.3d at 1100](#). There is no significant distinction to be made here.

Brown questions the artistic relevance of his likeness to *Madden NFL* in part by pointing us to the Sixth Circuit's decision in [Parks v. LaFace Records](#), 329 F.3d 437 (6th Cir.2003). In [Parks](#), civil rights hero Rosa Parks sued the musical duo Outkast under § 43(a) after Outkast released a song called [Rosa Parks](#). [Id. at 441](#). Partially due to the fact that one of the members of Outkast had said that the song was not “intended ... to be about Rosa Parks or the civil rights movement,” the Sixth Circuit concluded that the district court should have at least considered additional evidence before deciding that the use of Ms. Parks' name was artistically relevant to the song. [Id. at 452–53](#). Brown alleges that EA has made similar denials of Jim Brown's relevance to *Madden NFL*, and thus argues that Brown's likeness is not artistically relevant to the *Madden NFL* games. The court in [Parks](#), however, did not rely solely on the band's denial that the song was about Ms. Parks or the civil rights movement in concluding that there was a factual dispute about artistic relevance. “The composers did *not* intend [the song] to be about Rosa Parks, and the lyrics are *not* about Rosa Parks,” the court stated, emphasizing both Outkast's denials and the court's own determination that the song's lyrics were unrelated to Ms. Parks or the civil rights movement. [Id. at 452](#). Here, even if EA's denials regarding Brown are equivalent to Outkast's denial regarding Parks, the content of the *Madden* *1244 *NFL* games—the simulation of NFL football—is clearly related to Jim Brown, one of the NFL's all-time greatest players. Moreover, EA's denials are not equivalent to Outkast's denial. EA has denied using the aspects of Brown's likeness that may be protected by the Lanham Act and certain state laws, but such denials are a far cry from Outkast's outright denial of relevance. In

letters to Brown's attorneys, EA officials have claimed that “Brown has not appeared in any *Madden NFL* game since 1998,” and that “Brown's name and likeness does not appear in *Madden NFL 08* or any packaging or marketing materials associated with the product.” EA has not denied that Brown's likeness is relevant to *Madden NFL*; rather, it has denied that Brown has appeared in the *Madden NFL* games released since 1998. If the denials are true—that is, if Brown's likeness does not in fact appear in the games—Brown has no claim at all under the Lanham Act. We do not understand this to be Brown's position. Outkast's denial did not similarly undermine Ms. Parks' Lanham Act claim because Outkast was not denying the use of Parks' name. In order to have a valid § 43(a) claim based on artistic irrelevance, Brown needs to show both that his likeness was used and that his likeness was artistically irrelevant to the *Madden NFL* games. If artistic irrelevance can only be proven by accepting the truth of EA's denial of the use of Brown's likeness, Brown cannot possibly satisfy both of these burdens. Moreover, in the context of a motion to dismiss, we accept Brown's factual allegations as true, and Brown alleges that his likeness was used. We must thus assume that EA's denials are false, meaning they provide no support for artistic irrelevance.⁵

⁵ In addition to pointing us to *Parks*, Brown also analogizes his case to *American Dairy Queen Corp. v. New Line Productions, Inc.*, 35 F.Supp.2d 727 (D.Minn.1998), in which the defendant admitted in its briefing that it did not intend its “Dairy Queens” title to refer to plaintiff American Dairy Queen Corporation. Based on this admission, the district court found that the defendant could express its ideas in other ways, and thus that on balance the risk of consumer confusion and trademark dilution outweighed the public interest in free expression. *Id.* at 734–35. As explained in our discussion of *Parks*, this analogy is inapt because there is no similar explicit denial of relevance in this case, and because we presume the truth of Brown's allegations that EA has used his likeness. *American Dairy Queen* also was not a case involving application of the *Rogers* test.

One of the Sixth Circuit's animating concerns in *Parks* was that a celebrity's name could be “appropriated solely because of the vastly increased marketing power of a product bearing the name of [the celebrity].” 329 F.3d at 454. This is a legitimate concern, but the facts in *Parks*—specifically, the court's determination that the lyrics of Outkast's song may very well have nothing to do with Rosa Parks or the civil rights movement

—made that concern much more realistic in that case than in this one. EA did not produce a game called *Jim Brown Presents Pinball* with no relation to Jim Brown or football beyond the title; it produced a football game featuring likenesses of thousands of current and former NFL players, including Brown. Comparing this case to *Parks* does not further Brown's cause.

Brown also asserts that our interpretation of the *Rogers* test in *E.S.S.* to require artistic relevance to “merely ... be above zero,” 547 F.3d at 1100, has rendered the *Rogers* test—described in the *Rogers* opinion itself as seeking to strike a “balance” between “the public's interest in free expression” and “protect[ing] the public *1245 against flagrant deception,” 875 F.2d at 999—an inflexible and mechanical rule that more or less automatically protects expressive works regardless of the deception involved. But a balance need not be designed to find each of the sides weightier with equal frequency. The language in *Rogers* is clear. “[T]hat balance will normally not support application of the [Lanham] Act unless the [use of the trademark or other identifying material] has *no artistic relevance to the underlying work whatsoever...*” 875 F.2d at 999 (emphasis added). The *Rogers* test is applicable when First Amendment rights are at their height—when expressive works are involved—so it is no surprise that the test puts such emphasis on even the slightest artistic relevance. “Intellectual property rights aren't free: They're imposed at the expense of future creators and of the public at large,” *White v. Samsung Elecs. Am., Inc.*, 989 F.2d 1512, 1516 (9th Cir.1993) (Kozinski, J., dissenting from denial of rehearing en banc), and the *Rogers* test applies when this expense is most significant. Our interpretation of the “artistic relevance” prong of the *Rogers* test in *E.S.S.* is correct, and Brown fails to allege facts that satisfy that prong in this case.

B

Even if the use of a trademark or other identifying material is artistically relevant to the expressive work, the creator of the expressive work can be subject to a Lanham Act claim if the creator uses the mark or material to “explicitly mislead [] [consumers] as to the source or the content of the work.” *Rogers*, 875 F.2d at 999. It is key here that the creator must *explicitly* mislead consumers. “[T]he slight risk that ... use of a celebrity's name might implicitly suggest endorsement or sponsorship to some people is

outweighed by the danger of restricting artistic expression, and [in cases where there is no explicit misleading] the Lanham Act is not applicable.” *Id.* at 999–1000. This second prong of the *Rogers* test “points directly at the purpose of trademark law, namely to avoid confusion in the marketplace by allowing a trademark owner to prevent others from duping consumers into buying a product they mistakenly believe is sponsored by the trademark owner.” *E.S.S.*, 547 F.3d at 1100 (internal quotation marks and citation omitted). We must ask “whether the [use of Brown's likeness] would confuse [*Madden NFL*] players into thinking that [Brown] is somehow behind [the games] or that [he] sponsors [EA's] product,” *id.*, and whether there was an “explicit indication,” “overt claim,” or “explicit misstatement” that caused such consumer confusion, *Rogers*, 875 F.2d at 1001. Brown puts forth several arguments attempting to show that this second prong of the *Rogers* test is satisfied, but each of his arguments is unsuccessful.

First, Brown argues that the use of his likeness in the game coupled with a consumer survey demonstrating that a majority of the public believes that identifying marks cannot be included in products without permission at least raises a triable issue of fact as to the second prong of the *Rogers* test. It is well established that the use of a mark alone is not enough to satisfy this prong of the *Rogers* test. In *MCA*, we noted that if the use of a mark alone were sufficient “it would render *Rogers* a nullity.” 296 F.3d at 902. We reiterated this point in *E.S.S.*, asserting that “the mere use of a trademark alone cannot suffice to make such use explicitly misleading.” 547 F.3d at 1100. Adding survey evidence changes nothing. The test requires *1246 that the use be *explicitly* misleading to consumers. To be relevant, evidence must relate to the nature of the behavior of the identifying material's user, not the impact of the use. Even if Brown could offer a survey demonstrating that consumers of the *Madden NFL* series believed that Brown endorsed the game, that would not support the claim that the use was explicitly misleading to consumers. The Sixth Circuit's decision in *ETW Corp. v. Jireh Publishing, Inc.*, 332 F.3d 915 (6th Cir.2003), demonstrates this point. In that case, Tiger Woods' licensing agent, ETW Corporation, brought a Lanham Act claim against the publisher of artwork commemorating Woods' 1997 victory at The Masters. *Id.* at 918. A survey was produced in which participants were shown the artwork and asked if they thought Tiger Woods was affiliated or connected with the work or had

approved or sponsored it. *Id.* at 937 & n. 19. Over sixty percent of the participants answered affirmatively, but the Sixth Circuit asserted: “[P]laintiff's survey evidence, even if its validity is assumed, indicates at most that some members of the public would draw the incorrect inference that Woods had some connection with [the work]. The risk of misunderstanding, not engendered by any explicit indication on the face of the [work], is so outweighed by the interest in artistic expression as to preclude application of the [Lanham] Act.” *Id.* at 937 (footnote omitted). In *Rogers* itself, the Second Circuit rejected similar survey data for the same reasons. 875 F.2d at 1001. The use of Brown's likeness together with the cited survey do not provide a valid argument to allow Brown's case to go forward based on this prong of the *Rogers* test.

Second, Brown argues that certain written materials that accompanied versions of the game demonstrate EA's attempts to explicitly mislead consumers about his endorsement or involvement with the game's production. Unlike mere use of the mark or a consumer survey, statements made in materials accompanying the game are at least the right kind of evidence to show that EA tried to explicitly mislead consumers about its relationship with Brown. Here, however, the statements highlighted by Brown do not show any attempt to mislead consumers. Brown points to materials that say that one of the game's features was the inclusion of “[f]ifty of the NFL's greatest players and every All–Madden team.” Since Brown is one of the fifty greatest NFL players of all time and has been named to the “All Madden, All Millennium” team, Brown argues that the statement “explicitly represents that Brown was in EA's game.” But Brown needs to prove that EA explicitly misled consumers about Brown's endorsement of the game, not that EA used Brown's likeness in the game; nothing in EA's promotion suggests that the fifty NFL players who are members of the All Madden, All Millennium team endorse EA's game. EA's statement is true and not misleading.

Third, Brown argues that the changes made to Brown's likeness for use in certain versions of the game satisfy the second prong of the *Rogers* test. EA made changes to certain versions of the game that might make a consumer of the game less confident that the player in question was intended to be Brown. Most notably, EA changed the jersey number on the Brown avatar from 32 (the number Brown wore in the NFL) to 37. If these changes had any impact on whether consumers believed that Brown

endorsed the game, however, surely they made consumers *1247 less likely to believe that Brown was involved. Brown offers various theories about EA's legal motives in "scrambling" his likeness for use in the game. It may be true that EA was trying to protect itself from being sued for using Brown's likeness, under the Lanham Act or otherwise, but an action that could only make consumers less likely to believe that Brown endorsed *Madden NFL* cannot possibly satisfy the second prong of the *Rogers* test.

Fourth, Brown cites various comments made by EA officials as evidence that the second prong of the *Rogers* test is satisfied. As previously discussed, EA attorneys sent letters to Brown's attorneys stating that "Brown has not appeared in any *Madden NFL* game since 1998" and that "Brown's name and likeness does not appear in *Madden NFL 08* or any packaging or marketing materials associated with the product." Brown claims that EA officials contradicted these statements when they allegedly said at a conference held at USC Law School that EA was able to use the images and likenesses of players because it obtained written authorization from both the NFL players and the NFL. The statements made in letters to Brown's attorneys are irrelevant to this prong of the *Rogers* analysis. They were not made to consumers, and they do not say anything about Brown's endorsement of the game. The statement allegedly made at the conference is perhaps the closest Brown comes to offering evidence that EA acted in an explicitly misleading manner as to Brown's endorsement of the game, but again, the statement was made to a limited audience, not to consumers. If a similar statement appeared on the back cover of a version of *Madden NFL*, that might satisfy the "explicitly misleading" prong, or at least raise a triable issue of fact, but a statement made at an academic conference about all of the likenesses used in the game could not realistically be expected to confuse consumers as to Brown's involvement.⁶

⁶ Brown argues that a similar statement appearing on the packaging of the 2007 and 2009 versions of *Madden NFL* could explicitly mislead consumers as to Brown's endorsement. The packaging has the logo for the NFL Players Association and says "Officially Licensed Product of NFL PLAYERS." NFL PLAYERS is the licensing arm of the NFLPA and manages licensing rights for both current players and retired players, so Brown contends that the statement on the packaging could be understood by

consumers to mean that retired players, including Brown, endorse the game. We decline to address this argument because Brown did not raise it in his opening brief. See *Friends of Yosemite Valley v. Kempthorne*, 520 F.3d 1024, 1033 (9th Cir.2008). For the same reason, we decline to address Brown's contention that EA explicitly misled consumers by using Brown's likeness on the back covers of the same two versions of the game.

IV

Brown also argues that the district court improperly engaged in factfinding in granting EA's motion to dismiss. The district court, in Brown's view, could not possibly have granted the motion to dismiss if it accepted all of the allegations in Brown's complaint as true, as Brown alleges in his complaint that his likeness is not artistically relevant to *Madden NFL* and that EA attempted to mislead consumers about his involvement with *Madden NFL*.

Brown is of course correct that "[o]n a motion to dismiss, the court presumes that the facts alleged by the plaintiff are true." *Halet v. Wend Inv. Co.*, 672 F.2d 1305, 1309 (9th Cir.1982). We will also "draw[] all reasonable inferences *1248 from the complaint in [Brown's] favor." *Mohamed v. Jeppesen Dataplan, Inc.*, 614 F.3d 1070, 1073 (9th Cir.2010) (en banc) (internal quotation marks omitted). We are not, however, required to "accept any unreasonable inferences or assume the truth of legal conclusions cast in the form of factual allegations." *Ileto v. Glock Inc.*, 349 F.3d 1191, 1200 (9th Cir.2003). Brown asserts that there is no artistic relevance and that EA attempted to mislead consumers about Brown's involvement with *Madden NFL*, but none of the facts asserted in support of these legal conclusions actually justify the conclusions.

With regard to artistic relevance, even presuming that EA officials have denied the inclusion of Brown's likeness in the game, the district court could conclude, having reviewed the versions of *Madden NFL* provided to the court,⁷ that the likeness of a great NFL player is artistically relevant to a video game that aims to recreate NFL games.

⁷ The district court properly considered the versions of *Madden NFL* submitted to the court as part of

the complaint itself through the “incorporation by reference” doctrine. See [Knievel v. ESPN](#), 393 F.3d 1068, 1076 (9th Cir.2005). We do the same.

With regard to Brown's allegation that EA explicitly misled consumers as to his involvement with the game, the factual support Brown offers is simply of the wrong type. Brown would need to demonstrate that EA *explicitly* misled *consumers* as to his *involvement*. Instead, his allegations, if taken as true, only demonstrate that (1) the public can generally be misled about sponsorship when marks are included in products; (2) EA explicitly stated that Brown's likeness appears in *Madden NFL*; (3) EA tried to disguise its use of Brown's likeness, if anything making consumers less likely to believe that he was involved; (4) EA was dishonest with Brown's attorney about the inclusion of his likeness in the game; and (5) EA suggested to a group of individuals at an academic conference that the players whose likenesses were used in *Madden NFL* had signed licensing agreements with EA. There is simply no allegation that EA explicitly misled consumers as to Brown's involvement, and thus no problem with the district court deciding this issue in response to a motion to dismiss.

V

As expressive works, the *Madden NFL* video games are entitled to the same First Amendment protection as great literature, plays, or books. Brown's Lanham Act claim is thus subject to the [Rogers](#) test, and we agree with the district court that Brown has failed to allege sufficient facts to make out a plausible claim that survives that test. Brown's likeness is artistically relevant to the games and there are no alleged facts to support the claim that EA explicitly misled consumers as to Brown's involvement with the games. The [Rogers](#) test tells us that, in this case, the public interest in free expression outweighs the public interest in avoiding consumer confusion. The district court's judgment is thus **AFFIRMED**.

All Citations

724 F.3d 1235, 107 U.S.P.Q.2d 1688, 41 Media L. Rep. 2276, 13 Cal. Daily Op. Serv. 8150, 2013 Daily Journal D.A.R. 10,064

875 F.3d 1192
United States Court of Appeals,
Ninth Circuit.

TWENTIETH CENTURY FOX TELEVISION,
A DIVISION OF TWENTIETH CENTURY
FOX FILM CORPORATION; Fox
Broadcasting Company, Plaintiffs-Appellees,
v.
EMPIRE DISTRIBUTION,
INC., Defendant-Appellant.

No. 16-55577

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Argued and Submitted October
3, 2017 Pasadena, California

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Filed November 16, 2017

Synopsis

Background: Television broadcasting company that produce television show title “Empire” brought action against record label named “Empire Distribution” seeking declaratory judgment that the show and its associated music releases did not violate record label's trademark rights under the Lanham Act and California law. Record label counterclaimed for trademark infringement, trademark dilution, unfair competition, and false advertising. The United States District Court for the Central District of California, [Percy Anderson, J.](#), [161 F.Supp.3d 902](#), granted summary judgment to broadcasting company on all claims and counterclaims, and denied record label's motion for reconsideration, [2016 WL 3092156](#). Record label appealed.

Holdings: The Court of Appeals, [Milan D. Smith, Jr.](#), Circuit Judge, held that:

[Rogers v. Grimaldi, 875 F.2d 994](#), test for determining whether the Lanham Act applies to an allegedly infringing use of a trademark as the title of, or in the body of, an expressive work applied to television broadcasting company's use of “Empire” for title of television show;

broadcasting company's use of “Empire” mark had artistic relevance to the show; and

broadcasting company's use of “Empire” mark for title of show and associated music releases was not explicitly misleading.

Affirmed.

***1194** Appeal from the United States District Court for the Central District of California, Percy Anderson, District Judge, Presiding, D.C. No. 2:15-cv-02158-PA-FFM

Attorneys and Law Firms

***1195** [John M. Bowler](#) (argued), [Michael D. Hobbs](#), and [Lindsay Mitchell Henner](#), Troutman Sanders LLP, Atlanta, Georgia; [Paul L. Gale](#) and [Peter N. Villar](#), Troutman Sanders LLP, Irvine, California; for Defendant-Appellant.

[Daniel M. Petrocelli](#) (argued), [Molly M. Lens](#), and [J. Hardy Ehlers](#), O'Melveny & Myers LLP, Los Angeles, California; [James W. Crooks](#), O'Melveny & Meyers LLP, Washington, D.C.; for Plaintiffs-Appellees.

Before: [DIANA GRIBBON MOTZ](#),** [MILAN D. SMITH, JR.](#), and [JACQUELINE H. NGUYEN](#), Circuit Judges.

**
The Honorable Diana Gribbon Motz, United States Circuit Judge for the U.S. Court of Appeals for the Fourth Circuit, sitting by designation.

OPINION

[M. SMITH](#), Circuit Judge:

Empire Distribution, Inc. appeals the district court's grant of summary judgment in favor of Twentieth Century Fox Television and Fox Broadcasting Company (collectively, Fox). Empire Distribution argues that the district court erred substantively and procedurally in holding that Fox's use of the name “Empire” was protected by the First Amendment, and was therefore outside the reach of the Lanham Act, ch. 540, 60 Stat. 441 (1946) (codified as amended at [15 U.S.C. § 1125](#)). We disagree, and affirm.

FACTUAL AND PROCEDURAL BACKGROUND

Empire Distribution, founded in 2010, is a well-known and respected record label that records and releases albums in the urban music genre, which includes hip hop, rap, and R&B. Empire Distribution has released many albums by established and lesser-known artists as well as music compilations with titles such as *EMPIRE Presents: Ratchet Music*, *EMPIRE Presents: Yike 4 Life*, and *EMPIRE Presents: Triple X-Mas*.

In 2015, Fox premiered a television show titled *Empire*, which portrays a fictional hip hop music label named “Empire Enterprises” that is based in New York. The show features songs in every episode, including some original music. Under an agreement with Fox, Columbia Records releases music from the show after each episode airs, as well as soundtrack albums at the end of each season. Fox has also promoted the *Empire* show and its associated music through live musical performances, radio play, and consumer goods such as shirts and champagne glasses bearing the show’s “Empire” brand.

In response to a claim letter from Empire Distribution, Fox filed suit on March 23, 2015, seeking a declaratory judgment that the *Empire* show and its associated music releases do not violate Empire Distribution’s trademark rights under either the Lanham Act or California law. Empire Distribution counterclaimed for trademark infringement, trademark dilution, unfair competition, and false advertising under the Lanham Act and California law, and sought both injunctive and monetary relief. Fox moved for summary judgment, and Empire Distribution’s opposition to Fox’s motion included a request for a continuance under [Federal Rule of Civil Procedure 56\(d\)](#) in order to complete discovery. On February 1, 2016, the district court denied Empire Distribution’s request, and granted summary judgment to Fox on all claims and counterclaims. Empire Distribution moved for reconsideration, which was denied. Empire Distribution timely appealed.

*1196 JURISDICTION AND STANDARD OF REVIEW

We have jurisdiction pursuant to [28 U.S.C. § 1291](#). “We review a district court’s decision to grant summary

judgment de novo, considering all facts in dispute in the light most favorable to the nonmoving party.” [Glenn v. Washington Cty.](#), 673 F.3d 864, 870 (9th Cir. 2011).

ANALYSIS

In general, claims of trademark infringement under the Lanham Act are governed by a likelihood-of-confusion test. See [Mattel, Inc. v. MCA Records, Inc.](#), 296 F.3d 894, 900 (9th Cir. 2002). When the allegedly infringing use is in the title of an expressive work, however, we instead apply a test developed by the Second Circuit in [Rogers v. Grimaldi](#), 875 F.2d 994 (2d Cir. 1989), to determine whether the Lanham Act applies. [Mattel](#), 296 F.3d at 902.¹ Like the Second Circuit, we have identified two rationales for treating expressive works differently from other covered works: because (1) they implicate the First Amendment right of free speech, which must be balanced against the public interest in avoiding consumer confusion; and (2) consumers are less likely to mistake the use of someone else’s mark in an expressive work for a sign of association, authorship, or endorsement. See [Rogers](#), 875 F.2d at 997–1000; [Mattel](#), 296 F.3d at 900, 902.

¹ As we noted in [Mattel](#), the [Rogers](#) test is a limiting construction of the Lanham Act. [296 F.3d at 901](#) (quoting [Rogers](#), 875 F.2d at 999). The parties have offered no arguments in this appeal concerning the state law claims and counterclaims in their pleadings, and we thus have no occasion to address whether the [Rogers](#) test applies to any state laws.

Under the [Rogers](#) test, the title of an expressive work does not violate the Lanham Act “unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.” [Mattel](#), 296 F.3d at 902 (internal quotation marks omitted) (quoting [Rogers](#), 875 F.2d at 999). We have extended this test from titles to allegedly infringing uses within the body of an expressive work. See [E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.](#), 547 F.3d 1095, 1099 (9th Cir. 2008).

DOES THE ROGERS TEST APPLY TO FOX’S USE OF THE MARK “EMPIRE?”

We must first determine whether the *Rogers* test applies to Fox's use of the mark "Empire." We decide this legal question de novo. See *Brown v. Elec. Arts, Inc.*, 724 F.3d 1235, 1240–41 (9th Cir. 2013).

Empire Distribution argues that at least some of Fox's uses of the mark "Empire" fall outside the title or body of an expressive work, and therefore outside the scope of the *Rogers* test. The *Empire* television show itself is clearly an expressive work, see *Charles v. City of Los Angeles*, 697 F.3d 1146, 1151–52 (9th Cir. 2012), as are the associated songs and albums, see *Mattel*, 296 F.3d at 902, but Empire Distribution asserts that Fox's use of the mark "Empire" extends well beyond the titles and bodies of these expressive works. Specifically, Empire Distribution points to Fox's use of the "Empire" mark "as an umbrella brand to promote and sell music and other commercial products." These promotional activities under the "Empire" brand include appearances by cast members in other media, radio play, online advertising, live events, and the sale or licensing of consumer goods.

Although it is true that these promotional efforts technically fall outside the title or body of an expressive work, it requires only a minor logical extension of the reasoning *1197 of *Rogers* to hold that works protected under its test may be advertised and marketed by name, and we so hold. Indeed, the *Rogers* case itself concerned both a movie with an allegedly infringing title and its advertising and promotion, although the majority opinion did not deal separately with the latter aspect. See *Rogers*, 875 F.2d at 1005 (Griesa, J., concurring in the judgment). The balance of First Amendment interests struck in *Rogers* and *Mattel* could be destabilized if the titles of expressive works were protected but could not be used to promote those works. In response, Empire Distribution raises the specter of a pretextual expressive work meant only to disguise a business profiting from another's trademark, but the record in this case makes clear that the *Empire* show is no such thing. Fox's promotional activities, including those that generate revenue, are auxiliary to the television show and music releases, which lie at the heart of its "Empire" brand.

Empire Distribution also claims that Fox's uses of the "Empire" mark fall within the Lanham Act due to a footnote in *Rogers*, which stated that *Rogers*' "limiting construction would not apply to misleading titles that are confusingly similar to other titles [because the] public

interest in sparing consumers this type of confusion outweighs the slight public interest in permitting authors to use such titles." 875 F.2d at 999 n.5. This footnote has been cited only once by an appellate court since *Rogers*, in a case in which the Second Circuit itself rejected its applicability and applied the *Rogers* test. See *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Grp., Inc.*, 886 F.2d 490, 494–95 (2d Cir. 1989). The exception the footnote suggests may be ill-advised or unnecessary: identifying "misleading titles that are confusingly similar to other titles" has the potential to duplicate either the likelihood-of-confusion test or the second prong of *Rogers*, which asks whether a title "explicitly misleads as to the source or the content of the work." *Mattel*, 296 F.3d at 902 (quoting *Rogers*, 875 F.2d at 999). More importantly, it conflicts with our precedents, which "dictate that we apply the *Rogers* test in [Lanham Act] § 43(a) cases involving expressive works." *Brown*, 724 F.3d at 1241–42. We therefore examine Fox's use of the "Empire" mark under that test.

APPLYING THE *ROGERS* TEST

I

Under the two prongs of the *Rogers* test, "the Lanham Act should not be applied to expressive works 'unless the [use of the trademark or other identifying material] has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the [trademark or other identifying material] explicitly misleads as to the source or the content of the work.'" *Brown*, 724 F.3d at 1242 (alterations in original) (quoting *Rogers*, 875 F.2d at 999). In addition to these two prongs, Empire Distribution argues that the *Rogers* test includes a threshold requirement that a mark have attained a meaning beyond its source-identifying function.

What Empire Distribution identifies as a threshold requirement is merely a consideration under the first prong of the *Rogers* test. Trademark suits often arise when a brand name enters common parlance and comes to signify something more than the brand itself, but we apply the *Rogers* test in other cases as well. In *Mattel*, we noted that some trademarks, such as Rolls-Royce or Band-Aid, "enter our public discourse and become an integral part of our vocabulary." 296 F.3d at 900. The ordinary likelihood-of-confusion test provides insufficient

protection against a trademark owner's ability to control public discourse in these *1198 cases—but not *only* in these cases. [Mattel](#) focused on these examples, in which “the mark (like Rolls Royce) has taken on an expressive meaning apart from its source-identifying function,” as part of a larger class of cases in which “a trademark owner asserts a right to control how we express ourselves.” [Id.](#) ² In other words, the only threshold requirement for the [Rogers](#) test is an attempt to apply the Lanham Act to First Amendment expression.

² Empire Distribution's argument for a threshold requirement is also belied by the example given in [Mattel](#) of “a painting titled ‘Campbell's Chicken Noodle Soup,’ ” which would be analyzed under the [Rogers](#) test if Campbell's brought suit. [Id.](#) at 902. Although Campbell's is an iconic soup brand, its brand name has not attained a meaning beyond its source-identifying function.

Of course, the cultural significance of a mark may often be relevant to the first prong of the [Rogers](#) test. Trademarks that “transcend their identifying purpose,” [id.](#), are more likely to be used in artistically relevant ways. For example, at issue in [Mattel](#) was a song titled “Barbie Girl,” which poked fun at the shallow materialism identified with Mattel's trademarked Barbie brand of dolls. [Id.](#) at 899, 901. Barbie's status as a “cultural icon” helped explain the artistic relevance of Mattel's doll to the song. [Id.](#) at 898, 901–02. A mark that has no meaning beyond its source-identifying function is more likely to be used in a way that has “no artistic relevance to the underlying work whatsoever,” [id.](#) at 902 (quoting [Rogers](#), 875 F.2d at 999), because the work may be “merely borrow[ing] another's property to get attention,” [id.](#) at 901. *See, e.g., Dr. Seuss Ents., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1401 (9th Cir. 1997) (holding that an account of the O.J. Simpson murder trial titled *The Cat NOT in the Hat!* borrowed Dr. Seuss's trademark and poetic style only “‘to get attention’ or maybe even ‘to avoid the drudgery in working up something fresh.’ ” (citation omitted)).

In this case, Fox used the common English word “Empire” for artistically relevant reasons: the show's setting is New York, the Empire State, and its subject matter is a music and entertainment conglomerate, “Empire Enterprises,” which is itself a figurative empire. Because we cannot say that Fox's use of the “Empire” mark “has no artistic relevance to the underlying work whatsoever,” the first prong of the [Rogers](#) test is satisfied.

Empire Distribution does not dispute that the title “Empire” is relevant to Fox's work in this sense, but it argues that the first prong of the [Rogers](#) test includes a requirement that the junior work refer to the senior work. In this case, Empire Distribution argues that the *Empire* show fails the test because its use of the word “Empire” does not refer to Empire Distribution. This referential requirement does not appear in the text of the [Rogers](#) test, and such a requirement would be inconsistent with the purpose of the first prong of [Rogers](#).

The first prong of [Rogers](#) distinguishes cases in which the use of the mark has some artistic relation to the work from cases in which the use of the mark is arbitrary. In these latter cases, the First Amendment interest is diminished. The bar is set low: “the level of relevance merely must be above zero.” *E.S.S. Entm't*, 547 F.3d at 1100. Empire Distribution argues that cases like [Parks v. LaFace Records](#), 329 F.3d 437 (6th Cir. 2003), show that this prong contains a referential requirement. In [Parks](#), the Sixth Circuit held that a district court erred in concluding as a matter of law that the title of the song “Rosa Parks” by the hip hop duo *1199 OutKast was artistically relevant to the work. [Id.](#) at 452–59. Despite the song's use of the civil rights figure's name, “[t]he composers did *not* intend it to be about Rosa Parks, and the lyrics are *not* about Rosa Parks.” [Id.](#) at 452. There was no question, however, that the title *did* refer to Parks; no one contended the name was a coincidence. The Sixth Circuit suggested that OutKast had chosen an irrelevant title that “unquestionably enhanced the song's potential sale to the consuming public.” [Id.](#) at 453. A reasonable person could find that the song “Rosa Parks” failed the [Rogers](#) test not because of a lack of relationship between the title “Rosa Parks” and the person Rosa Parks, but because of the “highly questionable” artistic relevance of the title “Rosa Parks” to the song itself—the underlying work. [Id.](#) at 459.

This is how a work fails the first prong of the [Rogers](#) test: by bearing a title which has no artistic relevance to the work. A title may have artistic relevance by linking the work to another mark, as with “Barbie Girl,” or it may have artistic relevance by supporting the themes and geographic setting of the work, as with *Empire*. Reference to another work may be a component of artistic relevance, but it is not a prerequisite. Accordingly, the relevance of

the word “empire” to Fox's expressive work is sufficient to satisfy the first prong of the [Rogers](#) test.

II

If the use of a mark is artistically relevant to the underlying work, the Lanham Act does not apply “unless the title explicitly misleads as to the source or the content of the work.” [Mattel, 296 F.3d at 902](#) (quoting [Rogers, 875 F.2d at 999](#)) (internal quotation mark omitted). Empire Distribution argues that the “relevant inquiry ... is whether the defendant's use of the mark would confuse consumers as to the source, sponsorship or content of the work.” But this test conflates the second prong of the [Rogers](#) test with the general [Sleekcraft](#) likelihood-of-confusion test, which applies outside the [Rogers](#) context of expressive works. See [Mattel, 296 F.3d at 900](#) (citing [AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348–49 \(9th Cir. 1979\)](#)).

To fail the second prong of the [Rogers](#) test, “[i]t is key ... that the creator must *explicitly* mislead consumers.” [Brown, 724 F.3d at 1245](#). We must ask not only about the likelihood of consumer confusion but also “whether there was an ‘explicit indication,’ ‘overt claim,’ or ‘explicit misstatement’ that caused such consumer confusion.” [Id.](#) (quoting [Rogers, 875 F.2d at 1001](#)). As “the use of a mark alone is not enough to satisfy this prong of the [Rogers](#) test,” [id.](#), Fox's *Empire* show, which contains no overt claims or explicit references to Empire Distribution, is not explicitly misleading, and it satisfies the second [Rogers](#) prong.

CLAIMED PROCEDURAL ERRORS

Empire Distribution's claims of procedural error are also meritless.

First, Empire Distribution argues that the district court abused its discretion in denying its [Rule 56\(d\)](#) motion to defer consideration of Fox's summary judgment motion in order to allow more time for discovery. The district court denied the 56(d) motion as moot in its order granting summary judgment, concluding that the requested additional discovery was not “germane or relevant” to the First Amendment issues (i.e., the [Rogers](#) test) which it found dispositive. The subjects of

further discovery that Empire Distribution claims would have been relevant are “FOX's reason for selecting the ‘EMPIRE’ name, FOX's prior knowledge of EMPIRE's trademarks ..., and FOX's marketing *1200 strategy to mislead consumers.” None of these facts is relevant to either prong of the [Rogers](#) test: they shed no light on the question of whether the word “Empire” is artistically related to the show, and they cannot make the use of that word explicitly misleading. As these facts are irrelevant to the ground on which summary judgment was granted, Empire Distribution's request for further time to discover them was correctly denied as moot.

Second, Empire Distribution argues that the district court improperly relied on disputed facts in granting summary judgment. Although it identifies several disputed facts that the district court allegedly resolved in favor of Fox, none of these facts is material to the application of the [Rogers](#) test. The application of the test comes out the same way whether or not Empire Distribution has validly registered trademarks to the “Empire” name and whether or not all of the songs Fox released under the “Empire” brand were later collected in compilation albums. The fact that the *Empire* show is a “fictional” story was not a disputed fact, despite the evidence that it was based partly on individuals and events from the real world; fictional stories may take inspiration from reality. Finally, the district court's statement that the name “Empire” “was not arbitrarily chosen to exploit Empire Distribution's fame” was a legal conclusion relevant to the first prong of the [Rogers](#) test, not a statement of fact. Since Empire Distribution cannot identify any disputed fact the district court relied on that was material to its grant of summary judgment, it has not shown error.

CONCLUSION

For the foregoing reasons, the district court's judgment is affirmed. Appellant shall bear costs on appeal. [Fed. R. App. P. 39\(a\)\(2\)](#).

AFFIRMED.

All Citations

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329 F.3d 437

United States Court of Appeals,
Sixth Circuit.

Rosa PARKS, Plaintiff–Appellant,

v.

[LAFACE RECORDS](#), et al., Defendants–Appellees.

No. 99–2495.

Argued: May 4, 2001.

Decided and Filed: May 12, 2003.

Rehearing and Rehearing En
Banc Denied: July 2, 2003.

Synopsis

Celebrity civil rights icon sued record producer and musicians in state court for using her name as the title of a song, asserting a Lanham Act claim and state law claims for intrusion on her common law right of publicity, defamation, and tortious interference with a business relationship. After removal to federal district court, the United States District Court for the Eastern District of Michigan, [76 F.Supp.2d. 775](#), granted summary judgment for defendants, and celebrity appealed. The Court of Appeals, [John D. Holschuh](#), United States District Judge for the Southern District of Ohio, sitting by designation, held that: (1) celebrity had a viable cause of action under the product confusion provision of the Lanham Act; (2) fact issues as to artistic relevance of celebrity's name to the content of the song precluded summary judgment on defendants' First Amendment defense to the Lanham Act claim; (3) celebrity established right of publicity claim against defendants under Michigan law, but fact issues barred summary judgment on defendants' First Amendment defense to that claim; and (4) celebrity failed to establish defamation or intentional interference with a business relationship claims under Michigan law.

Affirmed in part, and reversed and remanded in part.

Attorneys and Law Firms

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[Joseph M. Beck](#) (argued and briefed), [Christopher J. Kellner](#) (briefed), Kilpatrick Stockton LLP, Atlanta, GA, for Appellees.

Before [NORRIS](#) and [COLE](#), Circuit Judges;
[HOLSCHUH](#), District Judge.*

* The Honorable [John D. Holschuh](#), United States District Judge for the Southern District of Ohio, sitting by designation.

OPINION

[HOLSCHUH](#), District Judge.

This is a dispute over the name of a song. Rosa Parks is a civil rights icon who first gained prominence during the Montgomery, Alabama bus boycott in 1955. She brings suit against LaFace Records, a record producer, and OutKast, a “rap” (or “hip-hop”) music duo, as well as several other named affiliates, for using her name as the title of their song, *Rosa Parks*. Parks contends that Defendants' use of her name constitutes false advertising under § 43(a) of the Lanham Act, [15 U.S.C. § 1125\(a\)](#), and intrudes on her common law right of publicity under Michigan state law. Defendants argue that they are entitled to summary judgment because Parks has failed to show any violation of the Lanham Act or her right of publicity. Defendants further argue that, even if she has shown such a violation, their First Amendment freedom of artistic expression should be a defense as a matter of law to each of these claims. Parks also contends that Defendants' conduct renders them liable under Michigan law for defamation and tortious interference with a business relationship; *442 Defendants have also denied liability with respect to these claims.

Parks brought this action in a Michigan state court. Defendants subsequently removed the case to the District Court for the Eastern District of Michigan. Following cross-motions for summary judgment, the district court denied Parks' motion for summary judgment and granted summary judgment for Defendants. Parks now appeals the grant of summary judgment for Defendants.

For the reasons hereafter set forth, we believe that, with respect to Rosa Parks' claims under the Lanham Act and under the common law right of publicity, "the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986). We therefore conclude that the district court erred in granting Defendants' motion for summary judgment on those claims. We conclude, however, that the district court properly granted summary judgment in favor of Defendants on Rosa Parks' state law claims of defamation and tortious interference with a business relationship.

I. BACKGROUND

A. Facts

Rosa Parks is an historical figure who first gained prominence as a symbol of the civil rights movement in the United States during the 1950's and 1960's. In 1955, while riding in the front of a segregated bus in Montgomery, Alabama, she refused to yield her seat to a white passenger and move to the back of the bus as blacks were required to do by the then-existing laws requiring segregation of the races. A 381-day bus boycott in Montgomery flowed from that one event, which eventually became a catalyst for organized boycotts, sit-ins, and demonstrations all across the South. Her single act of defiance has garnered her numerous public accolades and awards, and she has used that celebrity status to promote various civil and human rights causes as well as television programs and books inspired by her life story. She has also approved a collection of gospel recordings by various artists entitled *Verity Records Presents: A Tribute to Mrs. Rosa Parks* (the "Tribute" album), released in 1995.

Defendants are OutKast, comprised of recording artists André "Dré" Benjamin and Antwan "Big Boi" Patton; their record producers, LaFace, founded by and named after Antonio "L.A." Reid and Kenny "Babyface" Edmonds;¹ and LaFace's record distributors, Arista Records and BMG Entertainment (collectively "Defendants"). In September 1998, Defendants released the album *Aquemini*. The album's first single release was a song titled *Rosa Parks*, described as a "hit single" by a sticker on the album. The same sticker that contained the name *Rosa Parks* also contained a Parental Advisory

warning of "explicit content." J.A. at 60. Because, as later discussed, the critical issue in this case is a determination of the artistic relevance of the title, *Rosa Parks*, to the content of the song, the lyrics obviously must be considered in their entirety. They are as follows:

¹ Parks did not effect service of process of this lawsuit on Reid or Edmonds, and they are not defendants in their individual capacity, although they are listed as defendants in the caption on the district court's docket.

(Hook)

Ah ha, hush that fuss

Everybody move to the back of the bus

Do you wanna bump and slump with us

*443 We the type of people make the club get crunk

Verse 1: (Big Boi)

Many a day has passed, the night has gone by

But still I find the time to put that bump off in your eye

Total chaos, for these playas, thought we was absent

We takin another route to represent the Dungeon Family

Like Great Day, me and my nigga decide to take the back way

We stabbing every city then we headed to that bat cave

A-T-L, Georgia, what we do for ya

Bull doggin hoes like them Georgetown Hoyas

Boy you sounding silly, thank my Brougham aint sittin pretty

Doing doughnuts round you suckas like then circles around titties

Damn we the committee gone burn it down

But us gone bust you in the mouth with the chorus now

(Hook)

J.A. at 521.

Verse 2: (André)

I met a gypsy and she hipped me to some life game
 To stimulate then activate the left and right brain
 Said baby boy you only funky as your last cut
 You focus on the past your ass'll be a has what
 Thats one to live by or either that one to die to
 I try to just throw it at you determine your own
 adventure
 Andre, got to her station here's my destination
 She got off the bus, the conversation lingered in my
 head for hours
 Took a shower kinda sour cause my favorite group
 ain't comin with it
 But I'm witcha you cause you probably goin through
 it anyway
 But anyhow when in doubt went on out and bought it
 Cause I thought it would be jammin but examine all
 the flawsky-wawsky
 Awfully, it's sad and it's costly, but that's all she wrote
 And I hope I never have to float in that boat
 Up shit creek it's weak is the last quote
 That I want to hear when I'm goin down when all's
 said and done
 And we got a new joe in town
 When the record player get to skippin and slowin
 down
 All yawl can say is them niggas earned that crown but
 until then ...

(Hook)

(Harmonica Solo)

(Hook til fade)

B. Procedural History

Parks sued Defendants in the Wayne County Circuit Court of Michigan alleging, *inter alia*, that Defendants' unauthorized use of her name infringes on her right to publicity, defames her character, and interferes with an ongoing business relationship. Defendants removed this case to the District Court for the Eastern District of Michigan. Parks thereafter filed an amended complaint that reiterated her state law claims and added a false advertising claim under § 43(a) of the Lanham Act.

*444 The parties entered into a stipulation of the facts² (“Stipulated Facts”) and filed cross-motions for summary judgment. Applying [Rogers v. Grimaldi](#), 875 F.2d 994 (2d Cir.1989), the district court concluded that the First Amendment, as a matter of law, was a defense to Parks' Lanham Act and right of publicity claims. See [Parks v. LaFace Records](#), 76 F.Supp.2d 775, 780–84 (E.D.Mich.1999). Specifically, the court found that (1) an “obvious relationship” between the content of the song and its title *Rosa Parks* renders the right of publicity inapplicable as a matter of law, *id.* at 780; (2) with respect to the Lanham Act, there was no explicit representation that the work was endorsed by Parks, *id.* at 783; (3) the prominent appearance of OutKast's name on their album cured any likelihood of consumer confusion between Plaintiff's and Defendants' albums as a matter of law, *id.* at 784; and (4) even if there were some likelihood of consumer confusion, such risk was outweighed by the First Amendment interests of the Defendants, *id.* at 783. Because, in the opinion of the district court, Parks had failed to raise any genuine issue of material fact to overcome Defendants' First Amendment defense or otherwise support her claims under the Lanham Act and her right of publicity, the district court denied Parks' motion for summary judgment and granted summary judgment for Defendants. *Id.* at 788–89. The district court also granted summary judgment in favor of Defendants on Rosa Parks' claims of defamation and tortious interference with a business relationship. This appeal followed.

² Parks alleged at oral argument that both parties did not subscribe to the Stipulated Facts. However, Parks did not raise any challenge to the Stipulated

Facts in the district court. Indeed, she filed a cross motion for summary judgment and insisted that there was “no issue of fact that is being disputed here.” J.A. at 545. “Stipulations voluntarily entered by the parties are binding, both on the district court and on [the appellate court].” *Fed. Deposit Ins. Corp. v. St. Paul Fire & Marine Ins. Co.*, 942 F.2d 1032, 1038 (6th Cir.1991). Parks has given us no cause to question the voluntariness of the Stipulated Facts; therefore, we will not consider the challenge. See *Elkins v. Richardson–Merrell, Inc.*, 8 F.3d 1068, 1072 (6th Cir.1993) (declining to address issues raised for the first time on appeal absent “exceptional circumstances”).

II. DISCUSSION

A. Standard of Review

We review the district court's grant of summary judgment *de novo*. See *Sperle v. Michigan Dep't of Corr.*, 297 F.3d 483, 490 (6th Cir.2002). Summary judgment is proper where no genuine issue of material fact exists and the moving party is entitled to judgment as a matter of law. See *Fed.R.Civ.P. 56(c)*. A genuine issue of material fact exists “if the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986). In considering such a motion, the court must view the evidence and draw all reasonable inferences in favor of the nonmoving party. See *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986). The central issue is “whether the evidence presents a sufficient disagreement to require submission to a jury or whether it is so one-sided that one party must prevail as a matter of law.” *Anderson*, 477 U.S. at 251–52, 106 S.Ct. 2505.

The fact that the parties have filed cross-motions for summary judgment does not mean, of course, that summary judgment for one side or the other is necessarily appropriate. “When parties file cross-motions for summary judgment, ‘the making *445 of such inherently contradictory claims does not constitute an agreement that if one is rejected the other is necessarily justified or that the losing party waives judicial consideration and determination whether genuine issues of material fact exist.’” *B.F. Goodrich Co. v. United States Filter Corp.*, 245 F.3d 587, 593 (6th Cir.2001)(citing 10A

Charles Alan Wright, Arthur R. Miller and Mary Kay Kane, *Federal Practice and Procedure* § 2720 (3d ed.1998)).

B. The Lanham Act

Section 43(a) of the Lanham Act creates a civil cause of action against any person who identifies his or her product in such a way as to likely cause confusion among consumers or to cause consumers to make a mistake or to deceive consumers as to association of the producer of the product with another person or regarding the origin of the product or the sponsorship or approval of the product by another person. The language of § 43(a) is broad. It provides:

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause 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 by another person ...

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a).

Plaintiffs often invoke § 43(a) to protect intellectual property rights in “marks,” or brand names, of ordinary merchandise, such as apparel, see, e.g., *A & H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 237 F.3d 198, 206 (3d Cir.2000) (suit by manufacturer of “Miraclesuit” swimwear against manufacturer of “The Miracle Bra” swimwear), or of services, such as mortgage companies, see *Platinum Home Mortgage Corp. v. Platinum Fin. Group, Inc.*, 149 F.3d 722, 725 (7th Cir.1998) (suit between mortgage service companies using the “Platinum” name).

However, the scope of § 43(a) extends beyond disputes between producers of commercial products and their competitors. It also permits celebrities to vindicate property rights in their identities against allegedly

misleading commercial use by others. See *Waits v. Frito-Lay, Inc.*, 978 F.2d 1093, 1110 (9th Cir.1992) (celebrity suit against snack manufacturer for unauthorized use of his distinctive voice in a commercial); *Allen v. Nat'l Video, Inc.*, 610 F.Supp. 612, 624–25 (S.D.N.Y.1985) (celebrity suit against a video retailer for use of a celebrity look-alike in its advertisements); *Landham v. Lewis Galoob Toys, Inc.*, 227 F.3d 619, 626 (6th Cir.2000) (actor sued toy company for creating an action figure named after one of his movie characters); *Abdul-Jabbar v. Gen. Motors Corp.*, 85 F.3d 407, 410 (9th Cir.1996) (professional basketball player sued car manufacturer for using his birth name to sell cars). Celebrities have standing to sue under § 43(a) because they possess an economic interest in their identities akin to that of a traditional trademark holder. See *Waits*, 978 F.2d at 1110. See also 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 28:15 (4th ed.2002)(discussing cases).

In order to prevail on a false advertising claim under § 43(a), a celebrity *446 must show that use of his or her name is likely to cause confusion among consumers as to the “affiliation, connection, or association” between the celebrity and the defendant's goods or services or as to the celebrity's participation in the “origin, sponsorship, or approval” of the defendant's goods or services. See 15 U.S.C. § 1125(a)(1)(A); *Landham*, 227 F.3d at 626; *Wendt v. Host Int'l, Inc.*, 125 F.3d 806, 812 (9th Cir.1997); *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959, 966 (10th Cir.1996); *White v. Samsung Elecs. Am., Inc.*, 971 F.2d 1395, 1399 (9th Cir.1992). Consumer confusion occurs when “consumers ... believe that the products or services offered by the parties are affiliated in some way,” *Homeowners Group, Inc. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1107 (6th Cir.1991), or “when consumers make an incorrect mental association between the involved commercial products or their producers,” *Cardtoons*, 95 F.3d at 966 (quoting *San Francisco Arts & Athletics, Inc. v. United States Olympic Comm.*, 483 U.S. 522, 564, 107 S.Ct. 2971, 97 L.Ed.2d 427 (1987) (Brennan, J., dissenting)). A “likelihood” means a “probability” rather than a “possibility” of confusion. See *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 193 (5th Cir.1998); *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1189 (6th Cir.1988) (finding a “clear likelihood of confusion” because it was “highly probable” that a purchaser would believe a car wax was affiliated with another manufacturer); 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 23:3

(4th ed.2002)(citing cases). *But cf. Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Ctr.*, 109 F.3d 275, 284 (6th Cir.1997) (noting that a plaintiff need only show “a sufficient *potential* of confusion, not actual confusion”).

Parks contends that Defendants have violated the Lanham Act because the *Rosa Parks* title misleads consumers into believing that the song is about her or that she is affiliated with the Defendants, or has sponsored or approved the *Rosa Parks* song and the *Aquemini* album. She argues that the risk of confusion is enhanced by the fact that her authorized *Tribute* album is in the marketplace alongside Defendants' album featuring the *Rosa Parks* single. As additional evidence for her claim, Parks points to Defendants' concession that they have used the *Rosa Parks* title to advertise and promote both the song and the *Aquemini* album. She also supplies twenty-one affidavits from consumers affirming that they either believed Defendants' song was about Parks or was connected to the *Tribute* album authorized by her.

Defendants respond that Parks' Lanham Act claim must fail for two reasons. First, they claim that Parks does not possess a trademark right in her name and Defendants have not made a trademark use of her name, as allegedly required for a cause of action under the Lanham Act. Second, they contend that even if use of the title posed some risk of consumer confusion, the risk is outweighed by Defendants' First Amendment right to free expression.

1. Trademark Right In and Trademark Use of Parks' Name

Citing *Rock & Roll Hall of Fame & Museum, Inc. v. Gentile Productions*, 134 F.3d 749, 756 (6th Cir.1998), Defendants contend that Parks' § 43(a) claim must fail because they have made no trademark use of her name. However, Defendants misconceive the legal basis of a Lanham Act claim. It is not necessary for them to make a “trademark” use of Rosa Parks' name in order for her to have a cause of action for false advertising under § 43(a) of the Lanham Act.

*447 Rosa Parks clearly has a property interest in her name akin to that of a person holding a trademark. It is beyond question that Parks is a celebrity.³ The parties have stipulated to her international fame and to her prior

authorization of television programs and books. We have already established, *supra*, that courts routinely recognize a property right in celebrity identity akin to that of a trademark holder under § 43(a). See, e.g., [Landham](#), 227 F.3d at 626; [Waits](#), 978 F.2d at 1110; [Allen](#), 610 F.Supp. at 624–25. We find Parks' prior commercial activities and international recognition as a symbol of the civil rights movement endow her with a trademark interest in her name the same as if she were a famous actor or musician.

³ A celebrity is defined as “a celebrated or widely known person: one popularly honored for some signal achievement.” *Webster's Third New International Dictionary* 359 (Phillip Babcock Gove, ed.1976).

Therefore, even though Rosa Parks' name might not be eligible for registration as a trademark, and even though Defendants were not selling Rosa Parks-brand CD's, a viable cause of action also exists under § 43(a) if consumers falsely believed that Rosa Parks had sponsored or approved the song, or was somehow affiliated with the song or the album. We turn then to Defendants' second argument, that even if Parks could establish some likelihood of confusion, the First Amendment protects Defendants' choice of title.

2. The First Amendment Defense—Three Approaches

Defendants allege that even if Parks' evidence demonstrates some likelihood of consumer confusion regarding their song and album, their First Amendment right of artistic expression trumps that concern. Defendants make an arguable point. From ancient times, music has been a means by which people express ideas. As such, music is firmly ensconced within the protections of the First Amendment. See [Hurley v. Irish–American Gay, Lesbian & Bisexual Group of Boston](#), 515 U.S. 557, 569, 115 S.Ct. 2338, 132 L.Ed.2d 487 (1995) (stating that paintings, music and poetry are “unquestionably shielded” by the First Amendment); [Ward v. Rock Against Racism](#), 491 U.S. 781, 790, 109 S.Ct. 2746, 105 L.Ed.2d 661 (1989) (“Music, as a form of expression and communication, is protected under the First Amendment.”). However, the First Amendment cannot permit anyone who cries “artist” to have *carte blanche* when it comes to naming and advertising his or her works, art though it may be. As the Second Circuit sagely observed, “[t]he purchaser of a book, like the purchaser of a can of peas, has a right not to be misled as to the source [or endorsement]

of the product.” [Rogers](#), 875 F.2d at 997; see also [Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc.](#), 886 F.2d 490, 493 (2d Cir.1989) (“Trademark protection is not lost simply because the allegedly infringing use is in connection with a work of artistic expression.” (citation omitted)). Courts have adopted three approaches to balance First Amendment interests with the protections of the Lanham Act: (a) the “likelihood of confusion” test; (b) the “alternative avenues” test; and (c) the [Rogers v. Grimaldi](#) test. We will examine each one in turn.

a. Likelihood of Confusion Factors Used In Commercial Trademark Cases

One approach is to rely solely on the “likelihood of confusion” factors applied in other, more traditional, trademark cases. That is, we analyze: 1) the strength of the plaintiff's mark; 2) the relatedness of the goods; 3) the similarity *448 of the marks; 4) evidence of actual confusion; 5) the marketing channels used; 6) the likely degree of purchaser care; 7) the defendant's intent in selecting the mark; and 8) the likelihood of expansion in the product lines of the parties. See [Frisch's Rests., Inc. v. Elby's Big Boy of Steubenville, Inc.](#), 670 F.2d 642, 648 (6th Cir.1982) (adopting the test from [AMF, Inc. v. Sleekcraft Boats](#), 599 F.2d 341, 348 (9th Cir.1979)); see also [Polaroid Corp. v. Polarad Elecs. Corp.](#), 287 F.2d 492, 495 (2d Cir.1961) (creating a variant of the test). Based upon that evidence, we then decide if the plaintiff has raised a genuine issue of material fact as to the likelihood of consumer confusion. Under this approach, we do not pay special solicitude to an asserted First Amendment defense.

This approach has been inferred from the Ninth Circuit case, [Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.](#), 109 F.3d 1394 (9th Cir.1997). See [Films of Distinction, Inc. v. Allegro Film Prods., Inc.](#), 12 F.Supp.2d 1068, 1078 (C.D.Cal.1998) (“[I]t appears the Ninth Circuit will not adopt [a] test balancing trademark protections against the artistic interest in protecting literary titles.... *Dr. Seuss* strongly suggests that this ‘balancing’ has already been adequately accomplished by the statutory framework [of the Lanham Act].”). But see [Mattel, Inc. v. MCA Records, Inc.](#), 296 F.3d 894, 901 (9th Cir.2002), cert. denied, 537 U.S. 1171, 123 S.Ct. 993, 154 L.Ed.2d 912 (2003) (distinguishing *Dr. Seuss*). The Tenth Circuit has obliquely endorsed this approach as well. See [Cardtoons](#), 95 F.3d at 970 (suggesting the “likelihood of confusion”

test “serve[s] to avoid First Amendment concerns” in trademark cases).

b. Alternative Avenues Test

A second approach is the “alternative avenues” test. This is the test urged upon us by Parks, and endorsed by a panel of the Eighth Circuit. Under the “alternative avenues” test, a title of an expressive work will not be protected from a false advertising claim if there are sufficient alternative means for an artist to convey his or her idea. See Mutual of Omaha Ins. Co. v. Novak, 836 F.2d 397, 402 (8th Cir.1987) (creator of parody tee-shirts not protected by First Amendment because he could still produce parody editorials in books, magazines, or film); Am. Dairy Queen Corp. v. New Line Prods., Inc., 35 F.Supp.2d 727, 734 (D.Minn.1998) (no First Amendment protection for an infringing movie title because there were other titles the producers could use); cf. Anheuser-Busch, Inc. v. Balducci Publ'ns, 28 F.3d 769, 776 (8th Cir.1994) (First Amendment protection not available to parodist because the confusing trademark use was “wholly unnecessary” to the parodist's stated purpose).

c. Rogers v. Grimaldi Test

Finally, a third approach is the one developed by the Second Circuit in Rogers v. Grimaldi and adopted by the district court in this case. Under Rogers, a title will be protected unless it has “no artistic relevance” to the underlying work or, if there is artistic relevance, the title “explicitly misleads as to the source or the content of the work.” Rogers, 875 F.2d at 999. This test was explicitly adopted by the Fifth Circuit in Westchester Media v. PRL USA Holdings, Inc., 214 F.3d 658, 664–65 (5th Cir.2000), and by a panel of the Ninth Circuit in Mattel, 296 F.3d at 902. It was also adopted by a district court in the Third Circuit in Seale v. Gramercy Pictures, 949 F.Supp. 331, 339 (1996).

d. Analysis

We conclude that neither the first nor the second approach accords adequate *449 weight to the First Amendment interests in this case. The first approach—unmodified application of the likelihood of confusion factors in trademark cases—gives no weight to First Amendment concerns. Instead, it treats the name of an artistic work as if it were no different from the name of an ordinary commercial product. However,

this approach ignores the fact that the artistic work is *not* simply a commercial product but is also a means of communication. See Hicks v. Casablanca Records, 464 F.Supp. 426, 430 (S.D.N.Y.1978) (“[M]ore so than posters, bubble gum cards, or some other such ‘merchandise’, books and movies are vehicles through which ideas and opinions are disseminated and, as such, have enjoyed certain constitutional protections, not generally accorded ‘merchandise.’ ”); see also Cardtoons, 95 F.3d at 970 (“The fact that expressive materials are sold neither renders the speech unprotected, nor alters the level of protection under the First Amendment.”) (citations omitted). The names artists bestow on their art can be part and parcel of the artistic message. See Rogers, 875 F.2d at 998 (“Film-makers and authors frequently rely on word-play, ambiguity, irony, and allusion in titling their works.”). The fact that Defendants use the Rosa Parks title in advertising does not automatically erase the expressive function of the title and render it mere commercial exploitation; if a song is sold, and the title is protected by the First Amendment, the title naturally will be “inextricably intertwined” with the song's commercial promotion. See *id.*; see also Riley v. Nat'l Fed'n of the Blind, Inc., 487 U.S. 781, 796, 108 S.Ct. 2667, 101 L.Ed.2d 669 (1988) (holding that when protected speech is inextricable from unprotected speech, the court will treat the entire message as protected); Cardtoons, 95 F.3d at 970.

The public has at least as much interest in the free exchange of ideas as it does in avoiding misleading advertising. If Parks possesses a right to police the use of her name, even when that right can be exercised only to prevent consumer confusion, she has the means to restrict the public discourse to some extent. As Judge Kozinski has pointed out, “Intellectual property rights aren't free: They're imposed at the expense of future creators and of the public at large.” White v. Samsung Elecs. Am., Inc., 989 F.2d 1512, 1516 (9th Cir.1993) (Kozinski, J., dissenting from denial of rehearing en banc). “Intellectual property ... includes the words, images, and sounds that we use to communicate, and ‘we cannot indulge in the facile assumption that one can forbid particular words without also running a substantial risk of suppressing ideas in the process.’ ” Cardtoons, 95 F.3d at 971 (quoting Cohen v. California, 403 U.S. 15, 26, 91 S.Ct. 1780, 29 L.Ed.2d 284 (1971)). In sum, we do not find the unmodified likelihood of confusion test applied to commercial products adequate to differentiate between those artists who choose titles for the purpose of

legitimate artistic relevancy and those artists who choose misleading titles for the purpose of commercial gain. See [Mattel, 296 F.3d at 900](#) (“[W]hen a trademark owner asserts a right to control how we express ourselves ... applying the traditional [likelihood of confusion] test fails to account for the full weight of the public's interest in free expression.”). Therefore, we reject the first approach.

The second approach, the “alternative avenues” test, is similarly problematic. The “alternative avenues” test was articulated in [Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 206 \(2d Cir.1979\)](#), and is derived from real property law. The test is premised on the notion that, just as a real *450 property owner may exclude a speaker from a shopping mall so long as other locations exist for the speaker to deliver his message, a celebrity may prohibit use of his or her name so long as alternative ways exist for the artist to communicate his or her idea. See *id.* (citing [Lloyd Corp. v. Tanner, 407 U.S. 551, 567, 92 S.Ct. 2219, 33 L.Ed.2d 131 \(1972\)](#)). See also [Mutual of Omaha Ins. Co., 836 F.2d at 402](#) (citing [Dallas Cowboys, 604 F.2d at 206](#)); [Am. Dairy Queen Corp., 35 F.Supp.2d at 734](#).

More than one court has noted the awkwardness of analogizing property rights in land to property rights in words or ideas. See [Westchester Media, 214 F.3d at 672](#) (“[T]he reasonable alternative avenues approach bears a tenuous relation to communicative and property interests embodied in trademarks.”); [L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 29 \(1st Cir.1987\)](#) (“The first amendment issues involved in this case cannot be disposed of by equating the rights of a trademark owner with the rights of an owner of real property.”). Furthermore, the Second Circuit all but retracted its *Dallas Cowboys* decision in [Rogers. See 875 F.2d at 999 n. 4](#) (“We do not read *Dallas Cowboys Cheerleaders* as generally precluding all consideration of First Amendment concerns whenever an allegedly infringing author has ‘alternative avenues of communication.’”).

To suggest that other words can be used as well to express an author's or composer's message is not a proper test for weighing First Amendment rights. As Mark Twain observed, “The difference between the almost-right word and the right word is really a large matter—it's the difference between the ‘lightning-bug’ and the ‘lightning.’” J. Bartlett, *Familiar Quotations* 527 (16th ed.1992); see also [New Kids on the Block v. News Am. Publ'g, Inc.,](#)

[971 F.2d 302, 306 \(9th Cir.1992\)](#) (“[W]e need not belabor the point that some words, phrases or symbols better convey their intended meanings than others.”). Finally, adopting the “alternative avenues” test would needlessly entangle courts in the process of titling works of art; courts would be asked to determine not just whether a title is reasonably “artistic” but whether a title is “necessary” to communicate the idea. We therefore reject the alternative avenues test.

The third approach, the *Rogers* test, was adopted by the district court in this case and has been endorsed by panels in the Second, Fifth, and Ninth Circuits. Although the *Rogers* test has been criticized, see, e.g., [2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 10:31 \(4th ed.2002\)](#), we find it the most appropriate method to balance the public interest in avoiding consumer confusion with the public interest in free expression.

In *Rogers*, the plaintiff was dancer and film star Ginger Rogers. Italian movie maker Federico Fellini made a fictional movie titled *Ginger and Fred* about the reunion of two erstwhile cabaret dancers who became known to their fans as Fred and Ginger because they imitated Fred Astaire and Ginger Rogers in their act. [Rogers, 875 F.2d at 996–97](#). Rogers' complaint alleged, *inter alia*, that the title misled viewers into thinking that the movie was about her famous collaboration with Fred Astaire, in violation of the Lanham Act, and that the use of her name infringed her right of publicity. See *id.* at 997. The *Rogers* court, finding that overextension of Lanham Act restrictions in the area of titles might intrude on First Amendment values and that the “alternative avenues” test is insufficient to accommodate the public's interest in free expression, adopted a two-pronged test:

*451 In the context of allegedly misleading titles using a celebrity's name, that balance [between avoiding consumer confusion and protecting free expression] will normally not support application of the Act unless [1] the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless [2] the title

explicitly misleads as to the source or the content of the work.

confusion between Mattel and the song title. Specifically it found:

Id. at 999.

Courts in the Second Circuit have routinely applied the *Rogers* test to other Lanham Act cases. See [Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd.](#), 996 F.2d 1366, 1379 (2d Cir.1993); [Cliffs Notes](#), 886 F.2d at 494; [DeClemente v. Columbia Pictures Indus., Inc.](#), 860 F.Supp. 30, 51 (E.D.N.Y.1994); [Girl Scouts of U.S. v. Bantam Doubleday Dell Publ'g Group, Inc.](#), 808 F.Supp. 1112, 1119–20 (S.D.N.Y.1992). The Fifth Circuit has followed suit. See [Westchester Media](#), 214 F.3d at 664.

In addition, a panel of the Ninth Circuit recently adopted the *Rogers* test in *Mattel, Inc. v. MCA Records, Inc.* In *Mattel*, the manufacturer of the well-known “Barbie” doll, sued a Danish band, Aqua, for their song *Barbie Girl*, which, among other things, contained lines that portrayed Barbie in a negative light.⁴ Mattel alleged that Aqua's use of the name “Barbie” in the title had confused consumers into believing that Mattel was affiliated with the song. [Mattel](#), 296 F.3d at 899. Mattel argued that the song was not about “Barbie” and hence could not be protected by the First Amendment. In the district court, as support, Mattel introduced statements by Aqua band members in interviews that “[t]he song isn't about the doll. We're making fun of the glamorous life.” [Mattel, Inc. v. MCA Records, Inc.](#), 28 F.Supp.2d 1120, 1138 (C.D.Cal.1998). Mattel also supplied evidence that purported to show that individuals were misled into believing Mattel and the song were affiliated in some way. Among the evidence was a survey of 556 persons of various ages in six states, 17% of whom believed that Mattel or “Barbie” was the source of, connected with, or gave permission for the *Barbie Girl* song. [Id.](#) at 1132–33.

⁴ Among the lines in the song were the following: “I'm a Barbie girl, in my Barbie world/ Life in plastic it's fantastic/ You can brush my hair, undress me everywhere ...,” and in the chorus, “I'm a blonde bimbo girl, in a fantasy world/ Dress me up, make it tight, I'm your dolly/ ... Kiss me here, touch me there, hanky-panky...” [Mattel](#), 296 F.3d at 909.

On appeal from a summary judgment in favor of the defendant, the Ninth Circuit, applying *Rogers*, concluded that the First Amendment outweighed any risk of

Under the first prong of *Rogers*, the use of Barbie in the song title clearly is relevant to the underlying work, namely, the song itself.... [T]he song is about Barbie and the values Aqua claims she represents. The song title does not explicitly mislead as to the source of the work; it does not, explicitly or otherwise, suggest that it was produced by Mattel. The *only* indication that Mattel might be associated with the song is the use of Barbie in the title; if this were enough to satisfy this prong of the *Rogers* test, it would render *Rogers* a nullity.

[Mattel](#), 296 F.3d at 902.

The application of *Rogers* in *Mattel*, as well as in cases decided in other circuits, persuades us that *Rogers* is the best test for balancing Defendants' and the public's interest in free expression under the First *452 Amendment against Parks' and the public's interest in enforcement of the Lanham Act. We thus apply the *Rogers* test to the facts before us.

3. Application of the Rogers Test

a. Artistic Relevance Prong

The first prong of *Rogers* requires a determination of whether there is any artistic relationship between the title and the underlying work. [Rogers](#), 875 F.2d at 999. Parks contends that a cursory review of the *Rosa Parks* title and the lyrics demonstrates that there is no artistic connection between them. Parks also submits two articles in which members of OutKast are purported to have admitted that the song was not about her. As further evidence, she offers a “translation” of the lyrics of the song *Rosa Parks*, derived from various electronic “dictionaries” of the “rap” vernacular to demonstrate that the song truly has nothing to do with Parks herself. The “translation” of the chorus reads as follows:

“Be quiet and stop the commotion. OutKast is coming back out [with new music] so all other MCs [mic checkers, rappers, Master of Ceremonies] step aside. Do you want to ride and hang out with us? OutKast is the type of group to make the clubs get hyped-up/excited.”

Pl. Br. at 5.

Defendants respond that their use of Parks' name is “metaphorical” or “symbolic.” They argue that the historical association between Rosa Parks and the phrase “move to the back of the bus” is beyond dispute and that Parks' argument that the song is not “about” her in a biographical sense is simply irrelevant.

The district court was of the opinion that the artistic relationship between the title and the song was “so obvious that the matter is not open to reasonable debate.” [Parks, 76 F.Supp.2d at 782](#). The court said:

Rosa Parks is universally known for and commonly associated with her refusal ... to ... “move to the back of the bus.” The song at issue makes unmistakable reference to that symbolic act a total of ten times. Admittedly, the song is not about plaintiff in a strictly biographical sense, but it need not be. Rather, defendants' use of plaintiff's name, along with the phrase “move to the back of the bus,” is metaphorical and symbolic.

Id. at 780.

Contrary to the opinion of the district court, we believe that the artistic relationship between the title and the content of the song is certainly not obvious and, indeed, is “open to reasonable debate” for the following reasons.

It is true that the phrase “move to the back of the bus” is repeatedly used in the “hook” or chorus of the song. When the phrase is considered *in the context of the lyrics*, however, the phrase has absolutely nothing to do with Rosa Parks. There could be no stronger, no more compelling, evidence of this fact than the admission of “Dré” (André “Dré” Benjamin) that, “We (OutKast) never intended for the song to be about Rosa Parks or

the civil rights movement. It was just symbolic, meaning that we comin' back out, so all you other MCs move to the back of the bus.” J.A. at 333.⁵ The composers did *not* intend it to be about Rosa Parks, and the lyrics are *not* about Rosa Parks. The lyrics' sole message is that OutKast's competitors are *453 of lesser quality and, therefore, must “move to the back of the bus,” or in other words, “take a back seat.” We believe that reasonable persons could conclude that there is no relationship of any kind between Rosa Parks' name and the content of the song—a song that is nothing more and nothing less than a paean announcing the triumph of superior people in the entertainment business over inferior people in that business. *Back of the Bus*, for example, would be a title that is obviously relevant to the content of the song, but it also would not have the marketing power of an icon of the civil rights movement.⁶ Choosing Rosa Parks' name as the title to the song unquestionably enhanced the song's potential sale to the consuming public.

⁵ According to the YZ's Unofficial Rap Dictionary, “MC” is “Master of Ceremonies, the mic checker. ‘I'm the real emcee, mac daddy.’” J.A. at 493.

⁶ Suggesting that “Back of the Bus” would have been an appropriate title is not meant to be an application of the “alternative avenues” test discussed *supra*. It simply shows that such a title would clearly be artistically relevant under the first prong of *Rogers*.

The *Rogers* court made an important point which clearly applies in this case. The court said, “[p]oetic license is not without limits. The purchaser of a book, like the purchaser of a can of peas, has a right not to be misled as to the source of the product.” [Rogers, 875 F.2d at 997](#). The same is also true regarding the content of a song. The purchaser of a song titled *Rosa Parks* has a right not to be misled regarding the content of that song. While the expressive element of titles admittedly requires more protection than the labeling of ordinary commercial products, “[a] misleading title with no artistic relevance cannot be sufficiently justified by a free expression interest,” [id. at 999](#), and the use of such a title, as in the present case, could be found to constitute a violation of the Lanham Act. Including the phrase “move to the back of the bus” in the lyrics of this song, in our opinion, does not justify, as a matter of law, the appropriation of Rosa Parks' name for the title to the song, and the fact that the phrase is repeated ten times or fifty times does not affect the question of the relevancy of the title to the lyrics.

The district court made the following correct observation:

Plaintiff Rosa Parks is a well-known public figure who has been recognized as an international symbol of freedom, humanity, dignity and strength for over 43 years. Plaintiff's notoriety arose from her heroic stance against racial inequality in the South when on December 1, 1955, in Montgomery, Alabama, she refused to give up her seat to a white passenger and move to the back of the bus. This one defiant act precipitated a 381-day bus boycott that ended segregation on public transportation and ultimately sparked the Civil Rights Movement of the 1960's.

[Parks, 76 F.Supp.2d at 777.](#)

While Defendants' lyrics contain profanity and a great deal of "explicit" language (together with a parental warning), they contain absolutely nothing that could conceivably, by any stretch of the imagination, be considered, explicitly or implicitly, a reference to courage, to sacrifice, to the civil rights movement or to any other quality with which Rosa Parks is identified. If the requirement of "relevance" is to have any meaning at all, it would not be unreasonable to conclude that the title *Rosa Parks* is *not* relevant to the content of the song in question. The use of this woman's name unquestionably was a good marketing tool—*Rosa Parks* was likely to sell far more recordings than *Back of the Bus*—but its use could be found by a reasonable finder of fact to be a flagrant deception on the public regarding the actual content of *454 this song and the creation of an impression that Rosa Parks, who had approved the use of her name in connection with the *Tribute* album, had also approved or sponsored the use of her name on Defendants' composition.

It is certainly not dispositive that, in response to an interview following the filing of this lawsuit, one of the OutKast members said that using Rosa Parks' name was "symbolic." Where an artist proclaims that a celebrity's

name is used merely as a "symbol" for the lyrics of a song, and such use is highly questionable when the lyrics are examined, a legitimate question is presented as to whether the artist's claim is sincere or merely a guise to escape liability. Our task, it seems to us, is not to accept without question whatever purpose Defendants may now claim they had in using Rosa Parks' name. It is, instead, to make a determination as to whether, applying the law of *Rogers*, there is a genuine issue of material fact regarding the question of whether the title is artistically relevant to the content of the song. As noted above, crying "artist" does not confer *carte blanche* authority to appropriate a celebrity's name. Furthermore, crying "symbol" does not change that proposition and confer authority to use a celebrity's name when none, in fact, may exist.

It appears that the district court's rendition of summary judgment for OutKast was based on the court's conclusion that Defendants' use of Plaintiff's name as the song's title was "metaphorical and symbolic." *Id.* at 780. The obvious question, however, is *symbolic of what?* There is no doubt that Rosa Parks is a symbol. As the parties agree, she is "an international symbol of freedom, humanity, dignity and strength." J.A. at 79. There is not even a hint, however, of any of these qualities in the song to which Defendants attached her name. In lyrics that are laced with profanity and in a "hook" or chorus that is pure [egomania](#), many reasonable people could find that this is a song that is clearly *antithetical* to the qualities identified with Rosa Parks. Furthermore, the use of Rosa Parks' name in a metaphorical sense is highly questionable. A metaphor is "a figure of speech in which a word or phrase denoting one kind of object or action is used in place of another to suggest a likeness or analogy between them." *Webster's Third New International Dictionary* 1420 (Phillip Babcock Gove, ed.1976). The use of the phrase "go to the back of the bus" may be metaphorical to the extent that it refers to OutKast's competitors being pushed aside by OutKast's return and being forced to "take a back seat." The song, however, is not titled *Back of the Bus*. It is titled *Rosa Parks*, and it is difficult to equate OutKast's feeling of superiority, metaphorically or in any other manner, to the qualities for which Rosa Parks is known around the world. We believe that reasonable people could find that the use of Rosa Parks' name as the title to this song was not justified as being metaphorical or symbolic of anything for which Rosa Parks is famous. To the contrary, reasonable people could find that the name was appropriated solely because of the vastly increased marketing power of a

product bearing the name of a national heroine of the civil rights movement.

We do not mean to imply that Rosa Parks must always be displayed in a flattering manner, or that she should have the ability to prevent any other characterization of her. She is a celebrity and, as such, she cannot prevent being portrayed in a manner that may not be pleasing to her. As the court noted in *Guglielmi v. Spelling-Goldberg Productions*, 25 Cal.3d 860, 160 Cal.Rptr. 352, 603 P.2d 454, 460 (1979) (Bird J., concurring), “[t]he right of publicity derived from public prominence *455 does not confer a shield to ward off caricature, parody and satire.” It has been held, for example, that, “[p]arodies of celebrities are an especially valuable means of expression because of the role celebrities play in modern society.” *Cardtoons*, 95 F.3d at 972. The present case, however, does not involve any claim of caricature, parody or satire. It involves, instead, the use of a celebrity's name as the title to a song when it reasonably could be found that the celebrity's name has no artistic relevance to the content of the song. It involves, in short, a reasonable dispute whether the use of Rosa Parks' name was a misrepresentation and false advertising or whether it was a legitimate use of a celebrity's name in some recognized form of artistic expression protected by the First Amendment.

In *Rogers*, the court, in discussing the title to the movie *Ginger and Fred*, observed that “there is no doubt a risk that some people looking at the title ‘Ginger and Fred’ might think the film was about Rogers and Astaire in a direct, biographical sense. For those gaining that impression, the title is misleading.” 875 F.2d at 1001. Likewise, in the present case, some people looking at the title *Rosa Parks* might think the song is about Rosa Parks and for those gaining that impression (as twenty-one consumer affidavits filed in this case indicate happened, J.A. at 342–62), the title is misleading.⁷ This, standing alone, may not be sufficient to show a violation of the Lanham Act if the title is nevertheless artistically relevant to the content of the underlying work.

⁷ Typical of the affidavits filed in this case is that of Curt Merrweth:

1. I purchased the Outkast album, *Aquemini*, with Rosa Parks' song advertised on the outside label.

2. I thought the lyrics were about the civil rights movement and Mrs. Rosa Parks' historic contributions.

3. I learned after purchasing the album and listening to the content of the song that Mrs. Parks' name was used to get my attention so that I would buy the album.

J.A. at 343.

There is a clear distinction, however, between the facts in *Rogers* and the facts in the present case. In *Rogers*, the court had no difficulty in finding that the title chosen for the movie *Ginger and Fred* had artistic relevance to the content of the movie. “The central characters in the film are nicknamed ‘Ginger’ and ‘Fred,’ and these names are not arbitrarily chosen just to exploit the publicity value of their real life counterparts but instead have genuine relevance to the film's story.” 875 F.2d at 1001. The *Rogers* court further pointed out that the title *Ginger and Fred* is “entirely truthful as to its content in referring to the film's fictional protagonists who are known to their Italian audience as ‘Ginger and Fred.’” *Id.* In other words, the title in *Rogers* was obviously relevant and truthful as to the film's content, because the film was about the main characters known in the film as Ginger and Fred. In contrast, it cannot be said that the title in the present case, *Rosa Parks*, is clearly truthful as to the content of the song which, as OutKast admits, is not about Rosa Parks at all and was never intended to be about Rosa Parks, and which does not refer to Rosa Parks or to the qualities for which she is known.

Furthermore, the contrast between the real Ginger and Fred and the fictional Ginger and Fred in the film served the director's purpose of satirizing contemporary television and, in that sense, the title was “an integral element of the film and the film maker's artistic expressions.” *Id.* OutKast's only explanation for the use of *456 Rosa Parks' name in the title of their song, however, is that the name Rosa Parks is “a symbol.” It is, indeed, a symbol, but the question presented is how the symbol of Rosa Parks, a symbol of “freedom, humanity, dignity, and strength,” is artistically related to the content of a song that appears to be diametrically opposed to those qualities. The song is not claimed to be a satire, a parody or some other form of artistic expression that would be protected under the broad umbrella of the First Amendment. The mere fact that the phrase “move to the back of the bus” is an apt description of OutKast's attitude toward entertainers they regard as lesser human beings is

not, in our view, a justification, as a matter of law, for appropriating the name of Rosa Parks.

Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894 (9th Cir.2002) involved facts that are remarkably different from the facts of this case. In applying the first prong of *Rogers*, the Ninth Circuit in *Mattel* stated:

We expect a title to describe the underlying work, not to identify the producer, and Barbie Girl does just that.

The Barbie Girl title presages a song about Barbie, or at least a girl like Barbie. The title conveys a message to consumers about what they can expect to discover in the song itself; it's a quick glimpse of Aqua's take on their own song. The lyrics confirm this: The female singer, who calls herself Barbie, is "a Barbie girl, in [her] Barbie world." She tells her male counterpart (named Ken), "Life in plastic, it's fantastic. You can brush my hair, undress me everywhere/Imagination, life is your creation." And off they go to "party." The song pokes fun at Barbie and the values that Aqua contends she represents.

....

Under the first prong of Rogers, the use of Barbie in the song title clearly is relevant to the underlying work, namely, the song itself. As noted, the song is about Barbie and the values Aqua claims she represents.

Id. at 901–902 (emphasis added).

In sharp contrast to *Mattel*, it is highly questionable that the facts in the present case satisfy the first prong of *Rogers*. Whereas the title *Barbie Girl* was clearly relevant to the lyrics of the song, ("the song is about Barbie and the values Aqua claims she represents"), it cannot be said that the title *Rosa Parks* is clearly relevant to the lyrics of the song in this case. While the lyrics of *Barbie Girl* are certainly not flattering to the wholesome image preferred by the creator of Barbie ("the song pokes fun at Barbie and the values that Aqua contends she represents"), parody is an artistic form of expression protected by the First Amendment. In contrast, there has been no attempt to defend *Rosa Parks* on the ground that it constitutes a parody of Rosa Parks or a satire of Rosa Parks or some other form of artistic expression involving Rosa Parks herself.

The *Mattel* case, therefore, in our view, is completely distinguishable from the facts of the present case. If anything, we believe its application of *Rogers* and the result of that application to the title and lyrics of *Barbie Girl* could support a conclusion that the title *Rosa Parks* has no artistic relevance to the lyrics of Defendants' song. The result would be that Defendants cannot satisfy even the first prong of *Rogers* in order to justify their appropriation of Rosa Parks' name.

A case that is more similar to the present case than *Mattel* is *Seale v. Gramercy Pictures*, 949 F.Supp. 331 (E.D.Pa.1996). In *Seale*, defendants produced and distributed a movie entitled "Panther," which was a combination of fiction and historical fact involving Bobby Seale and the Black Panther Party, founded by Seale and Huey P. Newton in 1966. Seale, Newton and another leader of the Black Panther Party, Eldridge Cleaver, were all portrayed in the movie by actors. Similar to the stipulation in the present case, it was undisputed that the plaintiff was "a well-known public and historical figure" and that, "[t]he Plaintiff's name and his role in the Black Panther Party may be found in most history books discussing the Civil Rights Movement of the 1960's." *Id.* at 335.

In addition to the movie, various defendants in the case produced: (1) a book titled *Panther: A Pictorial History of the Black Panthers and the Story Behind the Film*; (2) a videotape of the movie; and (3) a CD/cassette containing a collection of the songs from the movie. The promotional cover for the home video release of the movie mentioned Seale's name and had a photograph of the actors who portrayed Seale, Newton and Cleaver in the movie. The cover of the musical CD/cassette contained the same photograph that was on the home video, together with another photograph of a scene from the movie. Seale, who had never consented to the use of his name for the movie, the book, the videotape or the CD/cassette, brought suit alleging violations of § 43(a) of the Lanham Act and his common-law right of publicity. The defendants moved for summary judgment on all claims.

The *Seale* court found that defendants were entitled to summary judgment on plaintiff's common-law right of publicity claim as it concerned the movie, the pictorial history book, and the videotape. The court had no trouble finding that the creation of a movie and history book that integrated fictitious people and events with historical

people and events surrounding the emergence of the Black Panther Party in the late 1960's was protected by the First Amendment. The court also found that the “use of the Plaintiff's name and likeness on the cover of the pictorial history book and on the cover for the home video are *clearly related to the content of the book and the film*, the subject matter of which deals with the Black Panther Party and the Plaintiff's role as co-founder of the Party.” *Id.* at 337 (emphasis added).

The use of the plaintiff's name and likeness on the cover of the musical CD/cassette, however, was an entirely different matter. The music contained on the CD/ cassette consisted of various songs composed by different musicians. The court pointed out:

Clearly, the use of the Plaintiff's name and likeness on the cover of the musical CD/cassette does not relate to the content in the CD/ cassette in the same manner as the use of the Plaintiff's name and likeness on the cover of the home video and pictorial history book relates to the content of the film and pictorial history book—the subject matter of which concerns the Black Panther Party and the Plaintiff's role as co-founder of the Party. The film and pictorial history book tell the story of the Black Panther Party and the Plaintiff's role in that Party in the late 1960's; *the musical CD/ cassette is merely a collection of different songs performed by different musicians, which songs have no direct connection to the Plaintiff or the history of the Black Panther Party.* There is a genuine issue of material fact, therefore, whether the use of the Plaintiff's name and likeness on the cover of the musical CD/ cassette is clearly related to the content of the film “Panther” and serves as an advertisement for the film, or whether the Defendants' use of the Plaintiff's name and likeness on the cover of the CD/cassette is a disguised advertisement for the

sale of the *458 CD/cassette. *See Rogers v. Grimaldi*, 875 F.2d 994, 1004–05 (2d Cir.1989).

Id. at 337–38 (emphasis added).⁸

⁸ In addition to *Rogers*, the *Seale* court also referred to Section 46 of the *Restatement (Third) of Unfair Competition*, published in 1995. That section is titled “Appropriation of the Commercial Value of a Person's Identity: The Right of Publicity.” It provides, “One who appropriates the commercial value of a person's identity by using without consent the person's name, likeness, or other indicia of identity for the purposes of trade is subject to liability ...”

The court further noted that, although Section 47 of the *Restatement (Third) of Unfair Competition* states that use “for purposes of trade” does not ordinarily include “the use of a person's identity in news reporting, commentary, entertainment, works of fiction or non-fiction, or in advertising that is incidental to such uses,” comment c to that section states that “if the name or likeness is used solely to attract attention to a work that is not related to the identified person, the user may be subject to liability for a use of the other's identity in advertising.” *See Seale*, 949 F.Supp. at 336.

The court made the same findings in virtually the same language regarding Seale's claim under Section 43(a) of the Lanham Act, again applying *Rogers* and reaching the same result, *i.e.*, that a genuine issue of material fact was presented. *Id.* at 340. The court, therefore, denied defendants' motion for summary judgment on both the plaintiff's common law right of publicity claim and Lanham Act claim as those claims related to the defendants' use of Bobby Seale's name and likeness on the CD/cassette.⁹

⁹ The court in the *Seale* case, following a bench trial on the merits, found that the plaintiff had failed to present sufficient evidence to support his claims and entered judgment in favor of defendants. *See Seale v. Gramercy Pictures*, 964 F.Supp. 918 (E.D.Pa.1997), *aff'd*, 156 F.3d 1225 (3d Cir.1998). The significance of *Seale* in the context of the present case, however, is that the question of liability was not determined on a motion for summary judgment but was left for a trial on the merits.

We reach the same conclusion in the present case. There is a genuine issue of material fact whether the use of Rosa Parks' name as a title to the song and on the cover of the album is artistically related to the content of the song or whether the use of the name Rosa Parks is nothing more than a misleading advertisement for the sale of the song.

b. Misleading Prong

In *Rogers*, the court held that if the title of the work is artistically relevant to its content, there is no violation of the Lanham Act *unless* the “title explicitly misleads as to the source or the content of the work.” [875 F.2d at 999](#). The court noted with reference to the first prong of the *Rogers* analysis:

A misleading title with no artistic relevance cannot be sufficiently justified by a free expression interest. For example, if a film-maker placed the title “Ginger and Fred” on a film to which it had no artistic relevance at all, the arguably misleading suggestions as to source or content implicitly conveyed by the title could be found to violate the Lanham Act as to such a film.

Id.

In discussing the second prong of its analysis, in the context of using a celebrity's name in the title of some artistic work, the court explained:

[T]itles with at least minimal artistic relevance to the work may include explicit statements about the content of the work that are seriously misleading. For example, if the characters in the film in this case had published their memoirs under the title “The True Life Story of Ginger and Fred,” and if the film-maker had then used that fictitious *459 book title as the title of the film, the Lanham Act could be applicable to such an explicitly misleading description of content. But many titles with a celebrity's name make no explicit statement that the work is about that person in any direct sense; the relevance of the title may be oblique and may become clear only after viewing or reading the work. As to such titles, the consumer interest in avoiding deception is too slight to warrant application of the Lanham Act....

Where a title with at least some artistic relevance to the work is not explicitly misleading as to the content of the work, it is not false advertising under the Lanham Act.

Id. at 1000 (footnote omitted).

We considered all the facts presented to us and concluded that, with reference to the first prong of the *Rogers* analysis, the issue of artistic relevance of the title *Rosa Parks* to the lyrics of the song is highly questionable and cannot be resolved as a matter of law. However, if, on remand, a trier of fact, after a full evidentiary hearing, concludes that the title *is* used in some symbolic or metaphorical sense, application of the *Rogers* analysis, under the particular facts of this case, would appear to be complete. In the present case, the title *Rosa Parks* “make[s] no explicit statement that the work is about that person in any direct sense.” In other words, Defendants did not name the song, for example, *The True Life Story of Rosa Parks* or *Rosa Parks' Favorite Rap*.

In short, whether the title *Rosa Parks* has any artistic relevance to the content of the song is an issue that must be resolved by a finder of fact following an evidentiary hearing and not by a judge as a matter of law upon the limited record submitted in support of a motion for summary judgment. If, on remand, the finder of fact determines that OutKast placed the title *Rosa Parks* on a song to which it had no artistic relevance at all, then this would constitute a violation of the Lanham Act and judgment should be entered in favor of Plaintiff. However, if the finder of fact determines that the title is artistically relevant to the song's content, then the inquiry is at an end because the title “is not explicitly misleading as to the content of the work.” In that event, judgment should be entered in favor of Defendants.

C. Right of Publicity

1. Applicable Law

The right of publicity protects the identity of a celebrity from exploitive commercial use. See [Carson v. Here's Johnny Portable Toilets, Inc.](#), 698 F.2d 831, 835 (6th Cir.1983). “The theory of the right is that a celebrity's identity can be valuable in the promotion of products, and the celebrity has an interest that may be protected from the unauthorized commercial exploitation of that identity.”

Id. As such, the common law right of publicity forms a species of property right. See [Zacchini v. Scripps-Howard Broad. Co.](#), 433 U.S. 562, 573, 97 S.Ct. 2849, 53 L.Ed.2d 965 (1977); [Herman Miller, Inc. v. Palazzetti Imports & Exports, Inc.](#), 270 F.3d 298, 325 (6th Cir.2001); [Cardtoons](#), 95 F.3d at 967.

The right of publicity is governed by state law. See [Landham](#), 227 F.3d at 622. Michigan has indicated that it would recognize a right of publicity, see [Pallas v. Crowley, Milner & Co.](#), 322 Mich. 411, 33 N.W.2d 911, 914 (1948), and the parties have not questioned that Plaintiff has a right of publicity. The dispute is over its application to the facts of this case.

Parks' right of publicity argument tracks that of her Lanham Act claim. She alleges that Defendants have profited from her fame by using her name solely for a *460 commercial purpose. She supplies much the same evidence in support of her right of publicity claim as she did for her Lanham Act claim: the lyrics of *Rosa Parks*, the "translation," and the press clippings quoting OutKast members. Defendants do not deny that they have used the title *Rosa Parks* commercially, but argue that Parks has produced no evidence that their use was *solely* commercial. Instead, they argue that the choice was also artistic, and that they therefore have a complete defense in the First Amendment.

The district court agreed with Defendants. The district court applied *Rogers*, which, in addition to the false advertising claim under § 43(a), also dealt with a right of publicity action arising under Oregon state law. Under *Rogers*, with respect to a right of publicity claim, a title that uses a celebrity's name will be protected by the First Amendment unless the title is "wholly unrelated" to the content of the work or was "simply a disguised commercial advertisement for the sale of goods or services." [Rogers](#), 875 F.2d at 1004. The district court found that, as a matter of law, there was an artistic relationship between the title and the content of the song, and therefore it could not be considered "simply a disguised commercial advertisement." [Parks](#), 76 F.Supp.2d at 781. Defendants' use of the title to promote the album did not change this result. *Id.*

2. Analysis

A right of publicity claim is similar to a false advertising claim in that it grants a celebrity the right to protect an economic interest in his or her name. See [Carson](#), 698 F.2d at 835 ("The right of publicity has developed to protect the commercial interest of celebrities in their identities."). However, a right of publicity claim does differ from a false advertising claim in one crucial respect; a right of publicity claim does not require any evidence that a consumer is likely to be confused. See [Herman Miller](#), 270 F.3d at 319–20 (citing [Restatement \(Third\) of Unfair Competition](#) § 46 cmt. c (1995)); [Rogers](#), 875 F.2d at 1004; [Cairns v. Franklin Mint Co.](#), 24 F.Supp.2d 1013, 1030 (C.D.Cal.1998). All that a plaintiff must prove in a right of publicity action is that she has a pecuniary interest in her identity, and that her identity has been commercially exploited by a defendant. See [Landham](#), 227 F.3d at 624; [Carson](#), 698 F.2d at 835.

The parties have stipulated that Parks is famous and that she has used her name to promote other goods and services. She has therefore established an economic interest in her name. See [Landham](#), 227 F.3d at 624. Furthermore, Defendants admit that they have used Parks' name as the name of their song, and have used that name to sell the song and their album. They argue, however, that, as with the Lanham Act claim, their First Amendment right of artistic expression should prevail over Parks' claim.

a. Cognizability of a First Amendment Defense

Because a plaintiff bears a reduced burden of persuasion to succeed in a right of publicity action, courts and commentators have recognized that publicity rights carry a greater danger of impinging on First Amendment rights than do rights associated with false advertising claims. See [Rogers](#), 875 F.2d at 1004; see also [Cardtoons](#), 95 F.3d at 967 (noting that publicity rights offer "substantially broader protection" than laws preventing false endorsement); cf. Roberta Rosenthal Kwall, *The Right of Publicity v. The First Amendment: A Property and Liability Rule Analysis*, 70 Ind. L.J. 47 (1994).

*461 We have recognized the importance of a First Amendment defense to right of publicity actions in a recent case. In *Ruffin-Steinback v. dePasse*, friends and family members of the Motown group, the "Temptations," sued the makers of a televised mini-series for the manner in which they and the former group members were portrayed in the film. 82 F.Supp.2d

[723, 726–27 \(E.D.Mich.2000\)](#), *aff'd*, [267 F.3d 457 \(6th Cir.2001\)](#). The plaintiffs alleged that their likenesses were appropriated to endorse a product, the film, without their permission. *Id.* at 728. The court found in that case that the plaintiffs could not overcome the defendant's First Amendment defense, even where the portrayal of the plaintiffs was partly fictionalized, and even where the likenesses of the plaintiffs were used to promote a videocassette version of the mini-series. *Id.* at 730–31; *see also Seale*, [949 F.Supp. at 337](#) (holding that the film *Panther*, which used the name and likeness of Black Panther founder Bobby Seale, was protected by the First Amendment).

As with the Lanham Act, then, we must conduct another balancing of interests—Parks' property right in her own name versus the freedom of artistic expression. *See ETW Corp. v. Jireh Publ'g, Inc.*, [99 F.Supp.2d 829, 834–36 \(N.D. Ohio 2000\)](#); *Pooley v. Nat'l Hole-in-One Ass'n*, [89 F.Supp.2d 1108, 1113–14 \(D.Ariz.2000\)](#); *dePasse*, [82 F.Supp.2d at 731](#).

b. Application of a First Amendment Defense

In *Rogers*, the Second Circuit held that movie titles are protected from right of publicity actions unless the title is “wholly unrelated” to the content of the work or was “simply a disguised commercial advertisement for the sale of goods or services.” [875 F.2d at 1004](#). This test is supported in the context of other expressive works by comment c of § 47 of the *Restatement (Third) of Unfair Competition*. It states that “[u]se of another's identity in a novel, play, or motion picture is ... not ordinarily an infringement [of the right of publicity, unless] the name or likeness is used solely to attract attention to a work that is not related to the identified person.” The *Rogers* formulation is also supported by the decision in *dePasse*. In *dePasse*, the court cited [Seale](#), [949 F.Supp. at 337](#), for the proposition that the relationship between a plaintiff's identity and the content of the work is an element of a defense to a right of publicity action. *See dePasse*, [82 F.Supp.2d at 731](#). *Seale*, in turn, relied upon *Rogers*. *See 949 F.Supp. at 337*; *see also Rogers*, [875 F.2d at 1004–05](#). We thus apply *Rogers* to the instant case.

For the same reasons we have stated earlier and need not repeat, we believe that Parks' right of publicity claim presents a genuine issue of material fact regarding the question of whether the title to the song is or is not “wholly unrelated” to the content of the song. A reasonable finder

of fact, in our opinion, upon consideration of all the evidence, could find the title to be a “disguised commercial advertisement” or adopted “solely to attract attention” to the work. *See Rogers*, [875 F.2d at 1004–05](#).

D. Other Michigan State Law Claims

Parks also appeals the district court's decision to grant summary judgment to Defendants on her state law claims for defamation and intentional interference with a business relationship. Finding no merit in either of these claims, we treat them briefly below.

1. Defamation

Parks argues that the song defames her character or places her in a false light. To succeed on a defamation claim, a public figure must prove actual malice. *See New York Times Co. v. Sullivan*, [376 U.S. 254, 279–80, 84 S.Ct. 710, 11 L.Ed.2d 686 \(1964\)](#). In turn, actual malice requires a showing, by clear and convincing evidence, that a defendant made a false statement with knowledge of the falsity or with reckless disregard for the truth. *See Philadelphia Newspapers, Inc. v. Hepps*, [475 U.S. 767, 773, 106 S.Ct. 1558, 89 L.Ed.2d 783 \(1986\)](#). A statement is actionable only if it states actual facts about plaintiff that are “provable and false.” *Milkovich v. Lorain Journal Co.*, [497 U.S. 1, 16–17, 19–20, 110 S.Ct. 2695, 111 L.Ed.2d 1 \(1990\)](#). The song is plainly not about Parks in any biographical sense of the term, and certainly does not make any factual statements about her. As there is no factual statement about her, Parks cannot show even the first element of a defamation claim. Therefore, we find this argument meritless.

Parks' defamation-by-implication argument is likewise meritless. As with a traditional defamation claim, a plaintiff in a defamation-by-implication claim must establish a material falsity. *See Hawkins v. Mercy Health Serv., Inc.*, [230 Mich.App. 315, 583 N.W.2d 725, 731–32 \(1998\)](#). Parks has not done so. The mere fact that Parks' name is attached to something “offensive” is not enough to overcome Defendants' First Amendment rights. *See Hustler Magazine v. Falwell*, [485 U.S. 46, 57, 108 S.Ct. 876, 99 L.Ed.2d 41 \(1988\)](#) (applying the public figure defamation test to deny celebrity's intentional infliction of emotional distress claim against defendant's magazine for

its depiction of him engaged in incest and alcohol abuse). We therefore agree that Defendants deserved summary judgment on this claim.

2. Intentional Interference with Business Relationship

Parks also claims that Defendants intentionally interfered with her business relationship with the producers of the *Tribute* album. To make a successful claim for tortious interference with a business relationship in Michigan, Parks must show an “intentional doing of a per se wrongful act or the intentional doing of a lawful act with malice and unjustified in law for the purpose of invading ... contractual rights or business relationship[s].” [Chrysler Int'l Corp. v. Cherokee Exp. Co.](#), 134 F.3d 738, 745 (6th Cir.1998) (citation and internal quotation marks omitted) (applying Michigan law). This “wrongful act” must have hastened a contract breach or another breakdown of a business relationship. See [Lakeshore Cmty. Hosp., Inc., v. Perry](#), 212 Mich.App. 396, 538 N.W.2d 24, 27 (1995). No such breach or breakdown occurred in this case. Parks cites dicta from [Stormor v. Johnson](#), 587 F.Supp. 275 (W.D.Mich.1984), which suggests that Michigan might recognize a claim if a defendant's action made the plaintiff's business relationship more expensive or burdensome. Ignoring for the moment that Michigan has not clearly recognized a tort claim on such grounds, Parks has not brought forth evidence that Defendants' song *Rosa Parks* makes the production or promotion of the *Tribute* album more expensive or burdensome. Consequently, this claim must fail.

III. CONCLUSION

We are not called upon in this case to judge the quality of Defendants' song, and whether we personally regard it as repulsive trash or a work of genius is immaterial to a determination of the legal issues presented to us. ¹⁰ Justice Holmes, 100 *463 years ago, correctly observed that, “It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits.” [George Bleistein v. Donaldson Lithographing Co.](#), 188 U.S. 239, 251, 23 S.Ct. 298, 47 L.Ed. 460 (1903). The same is no less true today and applies with equal force to musical compositions. The point, however, is that while we, as judges, do not presume

to determine the artistic quality of the song in question, we have the responsibility, as judges, to apply a legal standard of “artistic relevance” in resolving the rights of Rosa Parks concerning the use of her name and the First Amendment rights of the Defendants in the creation and marketing of a musical composition. ¹¹ Application of that standard involves a recognition that Rosa Parks has no right to control her image by censoring disagreeable portrayals. It also involves a recognition that the First Amendment cannot permit anyone who cries “artist” to have *carte blanche* when it comes to naming and advertising his works.

¹⁰ “What is food to one, is to others bitter poison.” Lucretius, 99–55 B.C., John Bartlett, *Familiar Quotations*, 16th ed., p. 90.

¹¹ Cf. [Miller v. California](#), 413 U.S. 15, 93 S.Ct. 2607, 37 L.Ed.2d 419 (1973), in which the Supreme Court, acknowledging “the inherent dangers of undertaking to regulate any form of expression,” nevertheless adopted a legal standard regarding obscenity and the First Amendment which required the trier of fact to consider, *inter alia*, whether the work, taken as a whole, lacks “serious literary, artistic, political, or scientific value.” [Id. at 23–24](#), 93 S.Ct. 2607.

In this case, for the reasons set forth above, the fact that Defendants cry “artist” and “symbol” as reasons for appropriating Rosa Parks' name for a song title does not absolve them from potential liability for, in the words of Shakespeare, filching Rosa Parks' good name. ¹² The question of that liability, however, should be determined by the trier of fact after a full evidentiary hearing and not as a matter of law on a motion for summary judgment.

¹² Who steals my purse steals trash; ‘tis something, nothing;

‘Twas mine, ‘tis his, and has
been slave to thousands;

But he that filches from me my good name
Robs me of that which not enriches him
And makes me poor indeed.

William Shakespeare, *Othello*, act 3, sc. 3.

For the reasons stated, as to Rosa Parks' Lanham Act claim and her common law right of publicity claim, the judgment of the District Court is **REVERSED** and

this case is **REMANDED** for future proceedings not inconsistent with this Opinion. With respect to Rosa Parks' claims of defamation and tortious interference with a business relationship, the judgment of the District Court is **AFFIRMED**.

All Citations

329 F.3d 437, 66 U.S.P.Q.2d 1735, 31 Media L. Rep. 1897, 2003 Fed.App. 0137P

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214 F.3d 658
United States Court of Appeals,
Fifth Circuit.

[WESTCHESTER MEDIA](#); Navasota Holding Co.,
L.L.C., Plaintiffs–Counter–Defendants–Appellants,

v.

PRL USA HOLDINGS, INC.; Polo Ralph
Lauren Corporation d/b/a Delaware Polo
Ralph Lauren Corporation, Defendants–
Counter–Claimants–Appellees.

No. 99–20754.

|
June 27, 2000.

Synopsis

Fashion designer sued magazine publisher, alleging that publisher's "POLO" title infringed designer's "Polo" mark. The United States District Court for the Southern District of Texas, [Maryrose Milloy](#), United States Magistrate Judge, entered judgment for plaintiff, and defendant appealed. The Court of Appeals, [Edith H. Jones](#), Circuit Judge, held that: (1) defendant title infringed plaintiff's mark; (2) plaintiff was not guilty of laches or acquiescence; (3) defendant could not claim predecessor's incontestable right to use mark; (4) trademark dilution claim requires proof of actual dilution caused by junior mark use; and (5) trial court should have considered remedy that would have accommodated defendant's First Amendment concerns.

Affirmed in part; vacated and remanded in part.

Attorneys and Law Firms

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Appeal from the United States District Court for the Southern District of Texas.

Before [JONES](#), [DeMOSS](#) and [DENNIS](#), Circuit Judges.

Opinion

[EDITH H. JONES](#), Circuit Judge:

Appellants Westchester Media and Navasota Holding Co. ("Westchester") appeal the judgment finding that their use of the mark "POLO" to title a magazine infringed marks for products sold by Polo Ralph Lauren entities ("PRL"). Two features distinguish this case from run of the mill trademark infringement claims. PRL is attempting to prevent Westchester from titling a magazine even though PRL itself sells no literary products. And Westchester acquired its "POLO" mark from and, at least in part for the continuation of, the official publication of the U.S. Polo Association. This Court agrees with the magistrate judge's finding of trademark infringement but concludes that the court may have erred in permanently enjoining Appellants from using the mark "Polo" for their lifestyle magazine. We remand for *661 further consideration of remedy, in particular for reconsideration of disclaimer relief.

I.

FACTUAL & PROCEDURAL HISTORY

PRL is a fashion and design business founded in 1967 by Ralph Lauren. Lauren has built PRL into a multi-billion dollar company that sells wearing apparel, accessories, home furnishings, and fragrances. In the last four years alone, PRL sold approximately four billion dollars wholesale value of products bearing various "Polo" trademarks. PRL advertises extensively in newspapers, trade publications, and magazines. Articles about PRL's products and Ralph Lauren himself have appeared in magazines as diverse as *Time*, *Financial World*, *Town & Country*, and *Vanity Fair*.

PRL has registered a number of trademarks with the Patent and Trademark Office ("PTO") that include the word POLO. We will refer to these trademarks collectively as the "Polo Trademarks." PRL does not possess a POLO trademark for use on a publication. All the Polo

Trademarks remain in effect, and several have become incontestable under the Lanham Act. [15 U.S.C. § 1065](#). PRL contends that as a result of its thirty years of continuous and extensive use of the Polo Trademarks, these marks have become famous, and the word POLO has come to be closely identified with both Ralph Lauren and PRL.

Westchester Media Company publishes magazines and, until the summer of 1997, produced only specialty magazines such as “Cowboys & Indians.” Westchester's general partner is Navasota, whose sole shareholder is John B. Goodman. An avid polo player, Goodman is captain of a top-ranked polo team that has represented the United States in the international Westchester Cup tournament. He has been a member of the United States Polo Association (“USPA”) since 1989 and serves on the boards of two USPA committees. He is also on the board of directors of the Houston Polo Club, of which he was president in 1994 and 1995.

In May 1997, Westchester Media and Navasota Holding Company purchased the assets of POLO magazine, including its trademarks, from Fleet Street Publishing Company and its owner, Ami Shinitzky. Those trademark registrations were granted to Shinitzky and Fleet Street in 1992 and read as follows:

- (1) Registration No. 1,691,432 for “POLO”, a “magazine on the subject of equestrian sports and lifestyles”;
- (2) Registration No. 1,677,088 for a “horse and rider design” for “magazine publication services”, and the design which appears on the masthead of POLO magazine; and
- (3) Registration No. 1,710,894 for “POLO Life”, a “magazine dealing with equestrian sports and lifestyles.”

The history of Ami Shinitzky's POLO Magazine is critical to this dispute. Shinitzky, a polo enthusiast and USPA member, founded POLO Magazine (the “Old POLO Magazine”) in 1975. Until it was sold in 1997, the Old POLO Magazine was a special interest magazine that provided, in its own words, “an insider's view of the sport of polo and the international society and ... traditions that surround it.” In an August 1997 article on the history of the Old POLO Magazine, Shinitzky

wrote that the magazine “hit its stride with a formulaic mixture of game coverage, personality and club profiles, rules, opinions, history and how-to and horsemanship articles.” The magazine's advertising base was equally equine-focused, consisting primarily of horse medicines, equestrian products, and polo equipment. The USPA endorsed the Old POLO Magazine as its “official publication,” and most of the magazine's 7,000 subscribers were members of the USPA who received the magazine as a benefit of membership.

Shinitzky's direction of Old POLO Magazine was marked by a peaceful coexistence with PRL. Soon after the magazine's *662 founding, Shinitzky interviewed Ralph Lauren for the magazine. In the following years, PRL frequently advertised in the magazine, as did several other luxury goods manufacturers. At no point during Old POLO Magazine's existence did PRL complain about the magazine's use of the “Polo” mark.

Beginning in 1989, Shinitzky started publishing issues of the Old POLO Magazine with expanded “lifestyle” content under the title *POLO Life*. According to Westchester, issues with expanded lifestyle content were published in 1989, 1990, 1992, 1993, 1994, 1995, and early 1997. Describing one of these issues in 1989, the trade journal *Ad Week* wrote, “[Shinitzky's magazine bears] a striking resemblance to one of Lauren's ads. It's loaded with pictures of upscale people having a good time at country clubs. Shinitzky hopes to attract advertisers that want to reach just that crowd.” PRL was aware of the *Ad Week* article but continued to advertise in the Old POLO Magazine.

Ad Week was not the only entity to find similarity between the Old Polo Magazine and PRL. According to Westchester, potential advertisers in Old POLO Magazine frequently asked whether there was some connection between Old POLO Magazine and PRL.

In 1992, Shinitzky obtained federal registration for POLO covering a “magazine on the subject of equestrian sports and lifestyles.” In support of its application to the PTO, Fleet Street submitted two 1989 issues of the Old POLO magazine, one of which included a PRL advertisement. PRL filed no opposition to the title or description of the magazine. Shinitzky offered to sell the magazine and its registration to PRL in 1994 but received no response. In

April 1998, the federal registration received by Shinitzky became incontestable.

In May 1997, Westchester purchased all assets of POLO Magazine from Fleet Street for approximately \$400,000. Despite the Old POLO Magazine's lackluster financial performance—it lost \$1,400 in 1996—Westchester explained the purchase price by pointing to the goodwill and history behind Fleet Street's POLO mark and to the access the magazine provided to personalities in the world of polo. Westchester repeatedly testified that it bought the magazine intending to “re-launch” it in an effort to expand readership and broaden polo's appeal. Despite Shinitzky's attempt during the purchase negotiations to link the magazine with “Ralph Lauren's spectacular achievement with the name Polo,” Westchester denied at trial any intent to infringe PRL's trademarks or to trade on PRL's reputation and goodwill.

After purchasing the Old POLO Magazine, Westchester “re-launched” the magazine in October 1997 under the name of POLO (the “New POLO Magazine”), while at the same time publishing a separate magazine called “Polo Players Edition.” In contrast to Shinitzky's magazine, the new POLO Magazine carried the tagline “Adventure · Elegance · Sport.” The re-launched magazine also changed its target audience and distribution methods. Westchester purchased the customer list from Neiman Marcus, one of PRL's largest retailers, and arranged for promotional materials for the New POLO Magazine to be mailed to these customers. Westchester then sent a free copy of the New POLO Magazine to almost one million Neiman Marcus customers. In promotional materials sent to prospective advertisers, Westchester wrote that the New POLO Magazine was “not about the sport, but rather about an adventurous approach to living life.” The promotional materials also explained that the new magazine would be distributed not only to USPA members but also “on newsstands, at hotels, resorts, and clubs.” Westchester also chose fashion model Claudia Schiffer to appear on the cover of its inaugural issue. The previous year, Ms. Schiffer had been PRL's featured model in an extensive advertising campaign.

While re-making the image of POLO magazine, Westchester tried to maintain the old magazine's links with PRL. Shortly after purchasing POLO magazine, Westchester *663 contacted PRL and secured a meeting with Elizabeth Morris, a PRL advertising executive.

On June 23, 1997, Westchester's Reid Slaughter met with Morris and made an advertising sales pitch. This pitch included two “mock-up” covers of the New POLO Magazine, neither of which was ever used for the New POLO Magazine. One cover depicted a horse, but Westchester did not put a horse on its cover until more than a year after the re-launch. Slaughter testified that Morris reacted positively to his presentation. PRL, however, asserts that Morris made a clear objection to the magazine's title.

After this meeting, Westchester continued to lobby PRL for advertising. In September 1997, PRL's advertising agency invited Westchester to “Magazine Week,” an event that allowed select magazine “finalists” to pitch advertising deals to PRL. This invitation was rescinded two days after it issued, and on September 23, 1997, PRL formally objected to the title of the New POLO Magazine.

In response, Westchester filed this action, seeking a declaration that its use of the title “POLO” for its magazine on “equestrian sports and lifestyles” does not infringe PRL's “Polo” mark. PRL asserted counterclaims for trademark infringement, dilution and unfair competition under the Lanham Act and Texas law, and sought injunctive relief. The parties stipulated that all matters would be tried to a magistrate judge.

The magistrate judge first entered a preliminary injunction and required Westchester to disseminate a “disclaimer which states clearly that POLO Magazine has no affiliation, sponsorship, or association with Ralph Lauren, or any Polo Ralph Lauren entities.” Westchester was ordered to display the disclaimer in a prominent place on the magazine's cover, on its masthead and on the magazine's table of contents page. In addition, it was required to notify subscribers and advertisers that its magazine is not affiliated with PRL, and to publish the disclaimer on all “promotional materials.”

Following trial, the magistrate judge issued a lengthy decision finding that Westchester had violated the Lanham Act by infringing upon PRL's “Polo” trademark. In consequence, she issued a permanent injunction essentially requiring Westchester to cease and desist publishing New POLO Magazine under the title “POLO”. Westchester appealed, and this Court stayed the permanent injunction and reinstated the disclaimer procedure pending the appeal.

II.

DISCUSSION

Westchester appeals the finding of trademark infringement and the denial of its defenses of laches, acquiescence, and trademark incontestability. In addition, Westchester challenges the magistrate judge's analysis of PRL's counterclaim under the Federal Trademark Dilution Act ("FTDA"). Finally, Westchester appeals the permanent unqualified injunction forbidding its use of "POLO" to title its equestrian lifestyle magazine. We will consider each issue in turn.

A. Trademark Infringement

1. General Principles

To prevail on its trademark infringement claim, PRL must show that Westchester's use of the "Polo" mark creates a likelihood of confusion in the minds of potential consumers as to the "source, affiliation, or sponsorship" of Westchester's magazine. See *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 193 (5th Cir.1998); *Society of Fin. Exam'rs v. National Ass'n of Certified Fraud Exam'rs*, 41 F.3d 223, 227 (5th Cir.1995); see also 15 U.S.C. §§ 1114(1), 1125(a)(1)(A).¹ Likelihood of confusion is synonymous with a probability of confusion, which is more than a mere possibility of confusion. See *Elvis Presley Enters.*, 141 F.3d at 193.

¹ PRL also charged Westchester with unfair competition under Texas common law. TEX. BUS. & COM.CODE § 16:29. Likelihood of confusion is also the governing standard for PRL's unfair competition claim. *Blue Bell Bio-Medical v. Cin-Bad, Inc.*, 864 F.2d 1253, 1261 (5th Cir.1989). The analysis of PRL's federal claim thus controls disposition of PRL's state law claim.

In determining whether a likelihood of confusion exists, courts consider the following nonexhaustive list of factors: (1) the type of mark allegedly infringed, (2) the similarity between the two marks, (3) the similarity of the products or services, (4) the identity of the retail outlets and purchasers, (5) the identity of the advertising media used, (6) the defendant's intent, and (7) any evidence of actual confusion. See *Pebble Beach Co. v. Tour 18 Ltd.*, 155

F.3d 526, 543 (5th Cir.1998); *Elvis Presley Enters.*, 141 F.3d at 194; *Conan Properties, Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 149 (5th Cir.1985). No single factor is dispositive, and a finding of a likelihood of confusion does not require a positive finding on a majority of these "digits of confusion." See *Conan Properties*, 752 F.2d at 150; *Elvis Presley Enters.*, 141 F.3d at 194. The court is also free to consider other relevant factors in determining whether a likelihood of confusion exists. See *id.* at 194.

In the usual Lanham Act case, the presence of a likelihood of confusion disposes of the issue of infringement. But this case is not so simple. PRL is not trying to enjoin a purely commercial use of the "Polo" mark. Rather, it is trying to prevent Westchester from using "Polo" as a title for a magazine. In so doing, PRL's infringement claim implicates the First Amendment right to choose an appropriate title for literary works. See *Sugar Busters LLC v. Brennan*, 177 F.3d 258, 269 n. 7 (5th Cir.1999)(noting a First Amendment interest in choosing an appropriate book title); *Twin Peaks Productions, Inc. v. Publications Int'l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir.1993)(same).²

² We reject PRL's argument that book titles and magazine titles are distinguishable for First Amendment purposes. While it is true that both *Sugar Busters* and *Twin Peaks* involved book titles, book titles belong to the category of literary titles, a category which also includes magazine titles. See 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 10:1 (4th ed.1998)[hereinafter MCCARTHY] (explaining that the law of literary titles encompasses magazine titles).

This case thus involves the tension between the protection afforded by the Lanham Act to trademark owners and the protection afforded by the First Amendment to expressive activity. In *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir.1989), the Second Circuit ruled that this tension could not be resolved by allowing the First Amendment to insulate titles of artistic works from Lanham Act claims. See *Rogers*, 875 F.2d at 998. But neither could courts ignore First Amendment concerns when enforcing the Lanham Act. *Id.* Titles, according to the *Rogers* court, combine both artistic expression and commercial promotion, and they consequently require more First Amendment protection than the labeling of ordinary commercial products. *Id.* Finding that "overextension of Lanham Act restrictions in the area of titles might intrude

on First Amendment values”, *id.*, the court concluded that it “must construe the Lanham Act narrowly to avoid such a conflict.” *Id.*, citing [Silverman v. CBS](#), 870 F.2d 40, 48 (2d Cir.1989); *see also* [Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc.](#), 886 F.2d 490, 494 (2d Cir.1989).

Relying on *Rogers*, the Second Circuit has adopted the following framework when a trademark is used by another for a valid literary or artistic purpose: Literary titles do not violate the Lanham Act “ ‘unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.’ ” [Twin Peaks Productions](#), 996 F.2d at 1379, quoting [Rogers](#), 875 F.2d at 999; *see also* [No Fear, Inc. v. Imagine Films, Inc.](#), 930 F.Supp. 1381, 1383 (D.C.Cal.1995)(endorsing the *Rogers* approach). To determine whether an artistically relevant title misleads as to *665 the source or content of the work, the Second Circuit applies the likelihood of confusion test used in evaluating standard trademark infringement claims. *See* [Twin Peaks Productions](#), 996 F.2d at 1379. However, the likelihood of confusion must be “particularly compelling” to outweigh the First Amendment interests at stake. *Id.* This Circuit has adopted the Second Circuit's approach:

Any finding that defendants' book title is likely to cause confusion with plaintiff's book title must be “particularly compelling” to outweigh defendants' First Amendment interest in choosing an appropriate book title for their work.

[Sugar Busters](#), 177 F.3d at 269 n. 7, citing [Twin Peaks Productions](#), 996 F.2d at 1379.

The magistrate judge's finding of a likelihood of confusion is in this circuit a finding of fact reviewed for clear error. *See* [Elvis Presley Enters.](#), 141 F.3d at 196. Under the clear error standard, we will reverse the district court only if we have a “definite and firm conviction that a mistake has been committed.” [B.H. Bunn Co. v. AAA Replacement Parts Co.](#), 451 F.2d 1254, 1260 (5th Cir.1971)(internal quotation marks omitted).

2. Analysis

Westchester argues that the court improperly applied the “particularly compelling” standard mandated by *Sugar Busters*. Further asserting that the standard could not in any event be satisfied on this record, Westchester challenges as clearly erroneous the findings on several of the digits of confusion: that Westchester intended to infringe upon PRL's mark; that Westchester's and PRL's products were similar because magazines are within PRL's “natural zone of expansion;” and that the 1997 relaunch of the New POLO Magazine resulted in increased actual confusion. We consider each of these arguments in turn.

a. The *Sugar Busters* standard

Westchester argues that the trial court, improperly applying the *Sugar Busters* standard, based the finding of liability on simple likelihood of confusion rather than a “particularly compelling” likelihood.³ In discussing First Amendment interests, however, the magistrate judge explicitly held:

³ The magistrate judge did not decide the threshold matter whether Westchester's title bears some artistic relevance to the underlying magazine. There can be no question on this point, however. Though the New POLO Magazine contains articles on fashion and travel, it also contains articles specifically related to polo. In each issue, sections entitled “The Blue Book” and “Through the Monocle” report on polo tournaments, profile polo players and personalities, and provide other polo-related information. Furthermore, the magazine is the official publication of the USPA.

Accepting, ... without necessarily deciding, that *Sugar Busters* has “raised the bar”, in this circuit, in a trademark analysis, and requires that “particularly compelling” circumstances exist before an injunction can issue in view of a first amendment objection, the court still finds such relief appropriate here.

[Westchester Media Co., L.P. v. PRL USA Holdings, Inc.](#), 103 F.Supp.2d 935, 991 (S.D.Tex. 1999). The court then recapitulated the findings which formed the basis for this conclusion. Westchester would apparently require the court to state in so many words that it found a particularly compelling likelihood of confusion. But its argument is about the clarity rather than

the substance of the court's opinion. The substance followed *Sugar Busters*.

Westchester next argues that even if the *Sugar Busters* standard is applied, there is insufficient evidence of a “particularly compelling” likelihood of confusion. In support of this argument, Westchester challenges several of the findings under the digits of confusion analysis, hoping to deconstruct piecemeal the ultimate finding of likelihood of confusion. Before considering Westchester's contentions, it is necessary to emphasize that the “particularly compelling” standard applies to the ultimate issue, not to the strength of the *666 evidence on each of the subsidiary digits of confusion. *Twin Peaks* so depicted the standard: “[T]he finding of likelihood of confusion must be particularly compelling...” *Twin Peaks*, 996 F.2d at 1379; see also *Sugar Busters*, 177 F.3d at 269 n. 7.

b. *Westchester's intent*

Westchester denies that, as the magistrate judge found, it intentionally aligned itself with PRL to confuse the consuming public as to the source of the New POLO Magazine.

An innocent intent in adopting a mark does not immunize an intent to confuse in the actual use of the mark. See *Elvis Presley Enters.*, 141 F.3d at 203; see also [RESTATEMENT \(THIRD\) OF UNFAIR COMPETITION § 22](#) cmt. c (1995)[hereinafter *RESTATEMENT*]. In light of Goodman's history with and commitment to the sport of polo, the magistrate judge did not find that Goodman purchased the “Polo” mark with intent to trade on PRL's reputation and goodwill. See *Westchester Media Co.*, 103 F.Supp.2d at 956. The court did, however, find that Westchester's actual use of the “Polo” mark evidenced an intent to trade on PRL's reputation. The magistrate judge exhaustively reviewed evidence—magazine covers, editorial and advertising content, and customer surveys—showing that the New POLO Magazine primarily covers affluent lifestyles, fashion, and travel rather than the sport of polo. The evidence also supports an inference that, in deciding to publish both Polo Players Edition and the New POLO Magazine, Westchester was attempting to segregate lifestyle content from technical polo content in an attempt to trade on the lifestyle image already projected by PRL's “Polo” mark. Certainly, other explanations for Westchester's decision to publish two polo-related magazines are possible. But in the absence of strong

reasons to prefer those alternative explanations—none of which were found credible, see *id.* at 957—we cannot say that the court's characterization of Westchester's intent is clearly erroneous.

c. *Similarity of Products and Services*

Ralph Lauren publishes no magazine or periodical, but the magistrate judge nonetheless found this digit of confusion in PRL's favor because magazines are within PRL's “natural zone of expansion.” See *Westchester Media Co.*, 103 F.Supp.2d at 953. Westchester challenges this finding. Similarity is a close question, but we cannot say that the magistrate judge clearly erred.

In general, “[t]he greater the similarity between products and services, the greater the likelihood of confusion.” *Exxon Corp. v. Texas Motor Exch. of Houston, Inc.*, 628 F.2d 500, 505 (5th Cir.1980). But direct competition between the parties' products is not required in order to find a likelihood of confusion. See *Elvis Presley Enters.*, 141 F.3d at 202; see also 4 MCCARTHY §§ 24:13–14. When products or services are noncompeting, the confusion at issue is one of sponsorship, affiliation, or connection. See *Elvis Presley Enters.*, 141 F.3d at 202.

The danger of affiliation or sponsorship confusion increases when the junior user's market is one into which the senior user would naturally expand. See *RESTATEMENT* § 21(e) & cmt. j. The actual intent of the senior user to expand is not particularly probative for this purpose. See *Elvis Presley Enters.*, 141 F.3d at 202. Instead, consumer perception is the controlling factor. “‘If consumers believe, even though falsely, that the natural tendency of producers of the type of goods marketed by the prior user is to expand into the market for the type of goods marketed by the subsequent user, confusion may be likely.’” *Id.*, quoting *RESTATEMENT* § 21 cmt. j.

Following the applicable law, the court examined whether the consuming public could believe there is an association between PRL and the New POLO Magazine. PRL has a strong presence not only in fashion marketing but across a spectrum of products. The New POLO Magazine, with its emphasis on fashion, elegance, and *667 affluent lifestyles, appeals to the same markets in which PRL has a widespread identity.⁴ Significantly, the noncompeting products of PRL and Westchester have been marketed to consumers in the same context (Neiman Marcus

promotions). These facts led the court to find that there was a likelihood that consumers would believe that PRL is associated with New POLO Magazine.

⁴ It is irrelevant to the questions of similarity or “natural zone of expansion” that PRL advertises in magazines.

Westchester dismisses the idea that magazines are a natural zone of expansion for PRL by emphasizing that no fashion designer has ever started a magazine. But whether PRL could ever successfully publish a magazine is not the issue here; consumer perception is the issue. This finding is not the court's most significant or unassailable one, but it is not clearly erroneous.

d. Evidence of Actual Confusion

Westchester argues clear error in the finding that the 1997 “relaunch” of New POLO Magazine resulted in an increase in incremental confusion. In so doing, it is essentially challenging the survey results submitted by PRL and upon which the magistrate judge relied. *See Westchester Media Co.*, 103 F.Supp. 967.

Westchester attacks PRL's survey principally on grounds that it used a faulty control.⁵ According to Westchester, PRL's survey was flawed because it did not distinguish between actionable confusion produced by the New POLO Magazine and permissible confusion attributable to the Old POLO Magazine. Westchester argues that the survey should have used the Old POLO Magazine as a control rather than Polo Players Edition. This would have effectively isolated the variable at issue here, which is the change in the look of the relaunched magazine, not the name. By using Polo Players Edition as a control, another variable was admitted—the name of the magazine—which meant that the one variable at issue, the magazine's new look, could not be isolated, and the incremental confusion attributable solely to the magazine's new look could not be determined. In other words, some of the incremental confusion could have been attributed to the different names, Polo Players Edition and POLO.

⁵ For a detailed explanation of how PRL's survey worked, *see Westchester Media Co.*, 103 F.Supp.2d at 965–66.

Westchester's argument makes sense, but it is not so compelling as to produce clear error in the court's

reliance on PRL's survey for evidence of incremental confusion. This is because the magistrate judge found that Polo Players Edition is the continuation of Old POLO Magazine. It would have been preferable for the PRL survey to use the Old POLO Magazine as a control. But Polo Players Edition is not so different from the Old POLO Magazine as to make it clearly erroneous to rely on PRL's survey. In addition, trademark law is concerned with the level of actual confusion in the current marketplace. Consumers today are exposed to Polo Players Edition, not the Old POLO Magazine. These two magazines now define the difference between permissible and actionable confusion.

e. Weighing the digits of confusion

Because we have found no clear error in the digits of confusion challenged by Westchester, and because the magistrate judge's findings on the remaining digits were unchallenged, we must conclude that a likelihood of confusion exists between New POLO Magazine and the PRL marks.⁶

⁶ Westchester left unchallenged: the type of mark infringed (strong), the similarity between the two marks, the identity of the retail outlets and purchasers, and the identity of the advertising media used. *See Elvis Presley Enters.*, 141 F.3d at 200 (accepting the district court's findings on the digits of confusion that were not challenged by the parties).

As has been discussed, Westchester's First Amendment interest in choosing a *668 title for its magazine requires a particularly compelling likelihood of confusion. *Sugar Busters*, 177 F.3d at 269 n. 7. This finding, too, is supported by the record. Westchester's New POLO Magazine and PRL's products target the same consumers and on occasion use the same retail outlets. The New POLO Magazine's emphasis on fashion, affluent lifestyle, and travel can plausibly lead consumers to believe that PRL is associated with the New POLO Magazine. Buttressing these core findings is the evidence of actual confusion, both anecdotal and survey-based, and Westchester's intent to trade on PRL's goodwill and reputation. Unless one of Westchester's defenses prevails, the appellants have infringed upon PRL's marks.

B. Defenses

Westchester's defenses are based on laches, acquiescence and the incontestability of its trademark.

1. *Laches*

“Laches is commonly defined as an inexcusable delay that results in prejudice to the defendant.” [Conan Properties, 752 F.2d at 153](#). Laches comprises three elements: (1) delay in asserting one's trademark rights, (2) lack of excuse for the delay, and (3) undue prejudice to the alleged infringer caused by the delay. [Elvis Presley Enters., 141 F.3d at 205](#).

The trial court ruled that Westchester established none of these elements. There was no delay because the New POLO Magazine “is an entirely new product and different from the Old POLO Magazine in most aspects,” a finding we have upheld. See [Westchester Media Co., 103 F.Supp.2d at 997](#). PRL's long familiarity with the Old POLO Magazine—in 1975, Ralph Lauren granted Ami Shinitzky an exclusive interview for Old POLO Magazine—was therefore immaterial to its objections to the New POLO Magazine. The court found that PRL registered its written objections with Westchester at the latest in its cease and desist letter of September 26, 1997, not an unreasonable amount of time from the June meeting between Westchester's then-publisher Reid Slaughter and PRL's Liz Morris. See [id. at 996](#).

Westchester challenges the laches findings by repeatedly pointing to its trademark registration for an “equestrian sports and lifestyles” magazine, in effect since 1975, and noting that both the old and the new POLO magazines fit this description. It follows, according to Westchester, that if PRL ever had a claim against a magazine titled “Polo”, it ripened in 1975 or at the time of Ralph Lauren's interview in the Old POLO Magazine, or no later than 1989 when Shinitzky launched the first of his issues with expanded lifestyle content. While it may be true that both the old and new POLO magazines concern “equestrian sports and lifestyles”, Westchester's argument fails to crack the essential barrier to relief—the court's finding that New POLO Magazine is not a continuation of Old POLO Magazine but is in fact a different entity.⁷

⁷ The magistrate judge also did not clearly err in dismissing Westchester's argument of undue prejudice—in the amount of \$1.3 million—by PRL's delay in objecting to the New POLO Magazine. PRL cannot

be held responsible for Westchester's investment prior to its learning about the planned launch of the New POLO Magazine; any investment made by Westchester after PRL objected to Westchester's use of its trademark was made at Westchester's risk. See [Conan Properties, 752 F.2d at 151–52](#).

2. *Acquiescence*

Westchester contends that PRL's failure to object to its relaunch efforts at the June 1997 meeting between Slaughter and PRL's Morris constituted an implicit assurance that induced reliance. [Conan Properties, 752 F.2d at 153](#). The argument is unpersuasive, inasmuch as Westchester has not successfully challenged the trial court's finding that Westchester misled Morris about the extent of the new venture. Under these circumstances, PRL did not legally acquiesce in the use of the mark on New POLO Magazine.

*669 3. *Incontestability*

Westchester asserts that pursuant to § 33(b) of the Lanham Act, its incontestable registration for the mark “Polo” on or in connection with a “magazine on the subject of equestrian sports and lifestyles” conclusively proves its right to publish the New POLO Magazine. Westchester's argument presumes, however, that the registration it purchased covers New POLO Magazine.

Section 33(b) provides that an incontestable registration is conclusive evidence of:

the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 15.

[15 U.S.C. § 1115\(b\)](#). A mark becomes incontestable through five years' continuous use following federal registration and compliance with statutory formalities. [15 U.S.C. § 1065](#). An incontestable mark is subject to challenge only under limited circumstances including the prior use defense of [§ 1065](#).⁸ The parties argue at length over the relatively novel issue of the scope of PRL's rights as a prior user.⁹ It is unnecessary to address that issue, however, because Westchester's incontestability argument first runs afoul of the finding that Old POLO and New

POLO magazines are different products. Hence, New POLO had not been published for the statutory minimum five years when PRL challenged appellants' use of the mark.

⁸ [15 U.S.C. § 1115\(b\)](#) lists eight defenses to an incontestable mark, none of which applies here, and MCCARTHY identifies a few others. 5 MCCARTHY § 32:147.

⁹ Section 15 of the Lanham Act, [15 U.S.C. § 1065](#), specifies the prior use defense, as it provides in pertinent part that a mark registered and supported by the proper affidavits is incontestable except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of the publication under this chapter of such registered mark.

Westchester contends that New POLO, like its predecessor, is a “magazine on the subject of equestrian sports and lifestyles”. As both magazines fit this literal description of the mark under which they were registered, the mark is incontestable for “goods ... specified in the affidavit filed under ... section 15.” Such a literal application of [§ 1115](#) has some appeal, but it ignores the district court's finding that the two magazines are not the same product. A federal registration does not create the trademark; the trademark is acquired by use. See 3 MCCARTHY § 19:3; [Volkswagenwerk Aktiengesellschaft v. Wheeler](#), 814 F.2d 812, 819 (1st Cir.1987). The incontestable “Polo” mark was used to title a magazine about the sport of polo, and cannot be transferred to a fundamentally different magazine. Thus, the incontestability of the mark as applied to Old POLO Magazine does not shield New POLO from attack.

C. The Federal Trademark Dilution Act

PRL alleges dilution of its “Polo” mark under [15 U.S.C. § 1125\(c\)\(3\)](#), the Federal Trademark Dilution Act (“FTDA”), which became effective January 1996.¹⁰ The magistrate judge declined to rule on this claim, finding that the Fifth Circuit had not yet addressed the standards governing relief under the FTDA and noting that PRL's requested relief was the same as that ordered in the infringement action. See [Westchester Media Co., 103 F.Supp.2d at 980](#). This court must reach the claim,

however, as it potentially affords a distinct basis of equitable relief.¹¹

¹⁰ PRL also claimed dilution under Texas state law. TX. BUS. & COM.CODE § 16:29. The magistrate ruled, however, that this claim was pre-empted by Westchester's federal registration of the “Polo” mark. See [Westchester Media Co., 103 F.Supp.2d at 977](#). Neither party challenges this ruling, and we will leave it undisturbed.

¹¹ Contrary to Westchester's position, this case does not involve impermissible retroactive application of the FTDA. PRL's dilution claim is based on Westchester's continuing use of the “Polo” mark after enactment of the FTDA. See [Viacom Inc. v. Ingram Enters., Inc.](#), 141 F.3d 886, 889 (8th Cir.1998).

Under the FTDA, the owner of a “famous mark” is protected “against another *670 person's commercial use ... of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.” [15 U.S.C. § 1125\(c\)\(1\)](#). The FTDA defines dilution as:

the lessening of the capacity of a famous mark to identify and distinguish goods and services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake or deception.

[15 U.S.C. § 1127](#). Injunctive relief may be ordered for a violation, but if a willful violation is proved, the remedy may include restitutionary, compensatory, or specific relief in the form of destruction of offending articles. *Id.* §§ [1125\(c\)\(1\)-\(2\)](#), [1117\(a\)](#), [1118](#).

To prevail on its dilution claim, PRL must prove that its marks are famous and distinctive; that Westchester adopted its mark after PRL's had become famous and distinctive; and that Westchester caused dilution of PRL's mark.¹² See [15 U.S.C. §§ 1125\(c\)\(1\), 1127](#); [Ringling Bros., 170 F.3d at 452](#). The parties do not contest the first two of these requirements. Rather, they dispute whether proof of dilution requires a showing of actual or merely threatened economic harm. Westchester, relying on a recent Fourth

Circuit opinion, argues that proof of dilution under the FTDA requires proof of “actual, consummated harm.” [Ringling Bros.](#), 170 F.3d at 464.¹³ PRL counters with a Second Circuit opinion holding that the FTDA requires only proof of a likelihood of dilution. See [Nabisco, Inc. v. PF Brands, Inc.](#), 191 F.3d 208, 224–25 (2d Cir.1999).¹⁴

¹² There are two recognized forms of dilution: blurring and tarnishment. See [Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development](#), 170 F.3d 449, 452 (4th Cir.1999) (noting that the FTDA's legislative history indicates congressional understanding that dilution results from blurring or tarnishment). Blurring involves “the gradual whittling away or dispersion of the identity and hold upon public mind of the mark or name by its use upon noncompeting goods.” [Elvis Presley Enters., Inc. v. Capece](#), 950 F.Supp. 783, 798 (S.D.Tex.1996), quoting Frank I. Schechter, [The Rational Basis of Trademark Protection](#), 40 Harv. L.Rev. 813, 825 (1927). Tarnishment results when one party uses another's mark in a manner that tarnishes or appropriates the goodwill and reputation associated with the mark. See MCCARTHY §§ 24:67–69. PRL alleges that New POLO Magazine both blurs and tarnishes its “Polo” mark.

¹³ Several courts outside the Fourth Circuit have followed the standard of proof announced in [Ringling Bros.](#) See [Playboy Enters., Inc. v. Netscape Communications](#), 55 F.Supp.2d 1070 (C.D.Cal.1999); [American Cyanamid Co. v. Nutraceutical Corp.](#), 54 F.Supp.2d 379 (D.N.J.1999).

¹⁴ At least one court outside the Second Circuit has agreed with [Nabisco](#). See [Eli Lilly and Co. v. Natural Answers, Inc.](#), 86 F.Supp.2d 834, 852 (S.D.Ind.2000).

As an issue of first impression in this Circuit,¹⁵ we endorse the Fourth Circuit's holding that the FTDA requires proof of actual harm since this standard best accords with the plain meaning of the statute. There is a key difference between the state antidilution statutes that formed the backdrop for passage of the FTDA and the FTDA itself. Whereas state antidilution statutes incorporate, often expressly, the “likelihood of dilution” standard,¹⁶ the federal statute does not. See [Ringling Bros.](#), 170 F.3d at 461. Instead, it prohibits *671 any commercial use of a famous mark that “causes dilution.” 15 U.S.C. § 1125(c)(1). Both the present tense of the verb

and the lack of any modification of “dilution” support an actual harm standard.¹⁷

¹⁵ Fifth Circuit courts have encountered FTDA claims but have either declined to rule on them, see [Sunbeam Products, Inc. v. West Bend Company](#), 123 F.3d 246, 261 n. 28 (5th Cir.1997), or have avoided an analysis of the new Act, see [Elvis Presley Enters.](#), 950 F.Supp. at 797 (using New York's antidilution statute as a guide to interpreting the FTDA).

¹⁶ See, e.g., [TEX.BUS. & COM.CODE § 16.29](#) (“A person may ... enjoin an act likely to ... dilute the distinctive quality of a mark...”); [N.Y. GEN. BUS. LAW § 360-1](#) (“Likelihood of ... dilution of the distinctive quality of a mark shall be a ground for injunctive relief...”); [CAL. BUS. & PROF.CODE § 14330](#) (same).

¹⁷ Commentators have noted this key difference between the federal dilution act and its state counterparts. See, e.g., Robert N. Klieger, [Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection](#), 58 U. Pitt. L.Rev. 789, 840 (1997) (“In place of the ‘likelihood of dilution’ language of the state antidilution statutes, the [federal Act] ... creates an actual dilution requirement ...”); see also [Ringling Bros.](#), 170 F.3d at 461 n. 6.

Several persuasive contextual indicators were also pointed out by the Fourth Circuit. For instance, the conduct proscribed under the FTDA is “another person's ... use,” 15 U.S.C. § 1125(c)(1), not merely threatened use of the mark. See [Ringling Bros.](#), 170 F.3d at 461. In addition, “unlike the state antidilution statutes which provide only injunctive relief, reflecting their sole focus on the prevention of future harm, the federal Act provides that where willful conduct is shown, compensatory and restitutionary relief may be awarded—for necessarily consummated economic harm. 15 U.S.C. §§ 1125(c)(2), 1117(a), 1118.” *Id.*

The [Nabisco](#) opinion asserts that an actual harm standard allows “excessive literalism to defeat the intent of the statute.” See [Nabisco](#), 191 F.3d at 224. But in the absence of any authority stating that Congress intended a “likelihood of dilution” standard for the FTDA, we may not depart from the plain meaning of the statute.

The magistrate judge reviewed the current and projected circulation for the New POLO Magazine, and found that PRL made no showing of actual harm. See [Westchester](#)

[Media Co.](#), 103 F.Supp.2d at 981. Because we have concluded that the FTDA requires proof of actual dilution, this finding, which we cannot say was clearly erroneous, dooms PRL's dilution claim.

III.

REMEDIES

The magistrate judge entered a broad injunction ordering Westchester to cease publishing the New POLO Magazine under the name POLO. On appeal, the parties have staked out diametrically opposed positions concerning the First Amendment ramifications of the injunction and the availability and advisability of a narrower disclaimer remedy. Rather than respond to these adversarially charged arguments, however, this discussion will explain certain misconceptions that influenced the magistrate judge's decision to adopt broad rather than targeted injunctive relief. In brief, the magistrate judge unduly discounted the First Amendment interests impaired by the injunction and, despite an otherwise heroic effort in unraveling this case, failed to accommodate its distinctive features.

This court reviews injunctive relief in trademark cases as in other cases under the abuse of discretion standard. [See Pebble Beach Co.](#), 155 F.3d at 550. An abuse of discretion automatically inheres in an injunctive decree if the trial court misinterpreted applicable law. [See Peaches Entertainment Corp. v. Entertainment Repertoire Assocs., Inc.](#), 62 F.3d 690, 693 (5th Cir.1995). As with injunctive relief generally, an equitable remedy for trademark infringement should be no broader than necessary to prevent the deception. [See Soltex Polymer Corp. v. Fortex Industries, Inc.](#), 832 F.2d 1325, 1329 (2d Cir.1987); [Better Business Bureau, Inc. v. Medical Directors, Inc.](#), 681 F.2d 397, 405 (5th Cir.1982).

The magistrate judge concluded that the rights of a trademark owner need not yield to First Amendment concerns “where a defendant has alternative avenues of communication available.” [Westchester Media Co.](#), 103 F.Supp.2d at 990, citing *672 [Reddy Communications, Inc. v. Environmental Action Foundation, Inc.](#), 1977 WL 23197, 1977 U.S. Dist. LEXIS 12968, 199 U.S.P.Q. 630, 634 (D.D.C.1977).¹⁸ The alternative avenue is

Westchester's publishing its lifestyle magazine under any title other than POLO. Even if that is all the injunction ordered, a point to be discussed later, the magistrate judge too abruptly dismissed First Amendment concerns. For one thing, several circuit courts have rejected the *Reddy Communications* approach, holding instead that even where trademark infringement has been found, First Amendment interests should influence the choice of remedy. [See L.L. Bean, Inc. v. Drake Publishers, Inc.](#), 811 F.2d 26 (1st Cir.1987); [Consumers Union of the United States, Inc. v. General Signal Corp.](#), 724 F.2d 1044 (2d Cir.1983). And on its own terms, the reasonable alternative avenues approach bears a tenuous relation to communicative and property interests embodied in trademarks. [See L.L. Bean](#), 811 F.2d at 29; *see also* Robert C. Denicola, *Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of Trade Symbols*, 1982 Wis. L.Rev. 158, 197 (1982). More to the point, as this court has already been committed to exercising sensitivity for First Amendment interests where trademark violations are asserted, we are bound by our precedent rather than by *Reddy Communications*. [See Better Business Bureau](#), 681 F.2d at 404–05 (reviewing the scope of an injunction for compliance with the First Amendment).

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Other cases cited by the magistrate judge, [Mutual of Omaha Ins. Co. v. Novak](#), 836 F.2d 397, 402 (8th Cir.1987) and [Dallas Cowboys Cheerleaders, Inc. v. Scoreboard Posters, Inc.](#), 600 F.2d 1184, 1188 (5th Cir.1979), essentially make the same argument as the language from *Reddy Communications*—that the First Amendment does not give “license” to infringe upon trademark rights. [Westchester Media Co.](#), 103 F.Supp.2d at 989, 990. Though *Scoreboard Posters* involved copyright law (and arguably should not be cited in a trademark opinion), both it and *Novak* rely on the same authority as *Reddy Communications* and belong to the same line of cases, the so-called “adequate alternative” cases. Thus, our rejection of reasoning behind *Reddy Communications* is also a rejection of these other two cases.

The magistrate judge also labeled Westchester's title “commercial speech”, suggesting that it deserves less First Amendment protection for that reason. [Westchester Media Company](#), 103 F.Supp.2d at 989. As has been previously noted, a magazine title is a hybrid between commercial and artistic speech. [See Rogers](#), 875 F.2d at 998. Here, the speech is expressive to an appreciable

degree, and it requires more protection than the labeling of ordinary commercial products. *Id.*

Insofar as the purpose of a remedy for trademark infringement is to eliminate the likelihood of confusion between the holder of the mark and the interloper, the remedy might in a particular case require suppression of otherwise constitutionally protected speech. *See, e.g., Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir.1997); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir.1979). Like fraudulent speech, speech that misleads or creates confusion is not protected under the First Amendment. *See Better Business Bureau*, 681 F.2d at 404. Where the allegedly infringing speech is at least partly literary or artistic, however, and not solely a commercial appropriation of another's mark, the preferred course is to accommodate trademark remedies with First Amendment interests. One obvious mode of accommodation is a disclaimer that will officially dissociate the junior user of the mark from the senior user's product. Disclaimers have frequently been approved by this court and others when trademark and First Amendment interests intersect. *See, e.g., Better Business Bureau*, 681 F.2d at 405; *Consumers Union*, 724 F.2d at 1053; *Twin Peaks Productions*, 996 F.2d at 1379.¹⁹ Even in this case, the *673 court issued a preliminary injunction requiring Westchester to publish the New POLO magazine with a disclaimer of any relation to PRL.

¹⁹ Other cases have disallowed a disclaimer remedy after a fact-specific conclusion that it would be ineffective. *See, e.g., Boston Professional Hockey Association, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1013 (5th Cir.1975). Neither these cases, nor others in which a disclaimer has been rejected without a discussion of First Amendment interests, *e.g., Playboy Enters., Inc. v. Chuckleberry Publishing, Inc.*, 687 F.2d 563, 571 (2d Cir.1982), should be understood to defeat the use of disclaimers where they would be effective to accommodate conflicting legal principles.

When the court ultimately rejected a disclaimer, it took insufficient account of Westchester's continuing First Amendment interests—in both the use of the title and content of its ongoing publication—and failed to implement the general rule that an equitable remedy should be no broader than the scope of the violation.

Unlike the magistrate judge, we are persuaded for several reasons that a broad injunction may be unnecessary to remedy the source confusion and will therefore remand for further factual development.

First, in this unusual case, it is undisputed that Westchester has the right to publish some magazine under the title POLO. The remedial injunction acknowledges this fact: it attempts to prohibit use of the title on New POLO magazine while allowing Westchester to publish Polo Players Edition, the sport-centered periodical, as POLO. The injunction, although deceptively simple in concept, would in practice pose a continual threat of substantive editing to the magazine, because the editorial line between the publications is not clear. Old POLO magazine, the forerunner of Polo Players Edition, contained lifestyle advertising by manufacturers like PRL. Further, it is perfectly consistent with the theme of a polo sport-centered periodical to include such articles as profiles of celebrity players and supporters of polo or features concerning venues where polo is played. And unless Westchester confined POLO (formerly Polo Players Edition) to distribution to the members of the USPA, arguments could arise whether the appellant breached the scope of the injunction by seeking a broader circulation and hence a wider audience for the sport. The content-based impact of this injunction could extend beyond the title of Westchester's magazine, posing special First Amendment concerns.

Second, and also unique to this case, is PRL's claim to police use of the "Polo" mark by the publisher of USPA's official magazine. PRL products became famous by basking in the reflected glow of an elegant sport. PRL now asserts that it, not the sport, is the source of the glow. While PRL's primary claim is the essence of the ordinary trademark case, we cannot be blind, when balancing the equities, to the fact that PRL is arrogating the very name of a sport from the players' publication. In a sense, PRL is biting the hand that fed it.

Third, it is possible that a limited injunction containing disclaimer relief could be an effective remedy. PRL, despite strong incentive to do so, offered no evidence of actual confusion after the preliminary injunction ordered New POLO published with disclaimers. *See Westchester Media Co.*, 103 F.Supp.2d at 1005. The magistrate judge speculated that the absence of confusion was due to publicity surrounding this lawsuit rather

than to the disclaimers. Speculation has no evidentiary weight, however. The magistrate judge also found that the survey evidence submitted by Westchester proved that the disclaimer was ineffective in alleviating source confusion. See *Westchester Media Co.*, 103 F.Supp.2d at 1009. But the survey results were not necessarily entitled to more weight than the lack of actual confusion following the dissemination of disclaimers. A lack of actual confusion, though not determinative, is relevant to the fashioning of relief. See 3 MCCARTHY § 23:18. In any event, the effectiveness of a disclaimer remedy, being considered at the end of a long trial, was not thoroughly explored. On remand, the parties can draw from the experience of New POLO's publication with a disclaimer pending this appeal.

*674 Fourth, the markets for both PRL's products and Westchester's magazine consist of relatively sophisticated buyers. See *Soltex Polymer Corp.*, 832 F.2d at 1330 (the presence of sophisticated consumers weighs in favor of disclaimer relief). Such buyers are more likely to notice, read, and understand the import of any written disclaimers attached to Westchester's magazine. See *Times Mirror Magazines, Inc. v. Las Vegas Sport News*, 212 F.3d 157, 168–69 (3d Cir.2000) (“Unsophisticated buyers ... are more vulnerable to confusion, mistake, and misassociations against which the trademark protects”).

In requiring disclaimer relief to be reconsidered, we reject the court's additional reasons for rejecting that remedy. The court held that Westchester waived any disclaimer argument by its omission from the pretrial order.²⁰ Read in context, the record does not support waiver. After all, the court itself introduced disclaimer relief into this case by ordering it in the preliminary injunction. The court also admitted evidence on the effectiveness of a disclaimer remedy. More important, courts in trademark cases have a responsibility to tailor the relief to the violation, a responsibility that includes consideration of disclaimers. Appellate courts have a similar responsibility and have reviewed the breadth of injunctive relief in the face of similar waiver arguments. See *Allard Enterprises, Inc. v. Advanced Programming Resources, Inc.*, 146 F.3d 350, 360 (6th Cir.1998); *Sovereign Order of Saint John of Jerusalem, Inc. v. Grady*, 119 F.3d 1236, 1241 (6th Cir.1997).

²⁰ *Westchester Media Co.*, 103 F.Supp.2d at 1008 (“[A] joint pretrial order signed by both parties ... governs the issues in evidence to be presented at trial.... [I]f a claim or issue is omitted from the order, it is waived,”

citing *Elvis Presley Enters.*, 141 F.3d at 206 (citations omitted)).

The court also expressed skepticism that Westchester, after violating the preliminary injunction order, could not be trusted to adhere to a disclaimer. See *Westchester Media Co.*, 103 F.Supp.2d at 1008. Although Westchester's track record of compliance was relevant to permanent disclaimer relief, the errors cited by the court were minor. Westchester was accused, not of refusing to disseminate the disclaimer, but of making it inconspicuous. See *id.* at 1008. Westchester's alleged noncompliance was apparently not serious enough for PRL to complain about before trial—except for a complaint about the language of a disclaimer letter that Westchester promptly changed. Westchester also posted disclaimer stickers on an issue of magazines published without the necessary language. It was not alleged that PRL was hurt as a result of Westchester's behavior; on the contrary, the court acknowledged that there were no reports of actual confusion after the disclaimer was ordered. See *id.* at 1005.²¹

²¹ This is not to say that if Westchester persistently failed to post proper disclaimers on the magazine, a narrow injunctive order would remain appropriate.

Similarly, the discovery abuses cited by the court are inadequate to bar disclaimer relief. If such abuses were not serious enough to warrant the adverse inferences PRL asked for during trial, see *id.* at 1006–07, then they do not warrant an overbroad injunction.

Finally, we reject the district court's repeated invocations of the “safe distance” line of cases in order to justify imposing a broad injunction.²² In *Better Business Bureau*, this court faced facts analogous to those here and disapproved of the “safe distance” principle where First Amendment *675 interests are at stake. See *Better Business Bureau*, 681 F.2d at 404–05.

²² See *Westchester Media Co.*, 103 F.Supp.2d at 1009 (“In deciding whether to order an injunction, it is important to remember that in fashioning relief against [the infringing] party ..., a court of equity is free to proscribe activities that standing alone, would have been unassailable,” citing *Pebble Beach Co.*, 155 F.3d at 550); see also *id.* at 1010 (citing *Conan Properties*, 752 F.2d at 153, for the same proposition: that courts can issue broad injunctions prohibiting

infringing conduct as well as conduct that would not usually justify relief).

Because the court thus erred in too readily dismissing the possibility of a disclaimer or other limited injunctive relief, we must remand for further factual development and for reconsideration whether a disclaimer procedure better comports with First Amendment principles than an outright prohibition on Westchester's use of "Polo" for New POLO Magazine. In other words, as this court concluded in *Better Business Bureau*, the appropriate remedy may be "not less speech, but more."

IV.

For the foregoing reasons, the judgment of the court is **AFFIRMED** in **PART** on liability, but **VACATED** and **REMANDED** in **PART** on the question of the appropriate remedy.

Pending a final order on remand in the trial court, this court's injunction pending appeal, which continued the disclaimer order of the magistrate judge, will remain in effect.

All Citations

214 F.3d 658, 55 U.S.P.Q.2d 1225



KeyCite Yellow Flag - Negative Treatment

Distinguished by [Helpful Hound, L.L.C. v. New Orleans Building Corporation](#), E.D.La., December 3, 2018

891 F.3d 178

United States Court of Appeals, Fifth Circuit.

VIACOM INTERNATIONAL,
Incorporated, Plaintiff–Appellee,

v.

IJR CAPITAL INVESTMENTS,
L.L.C., Defendant–Appellant.

No. 17-20334

|

May 22, 2018

Synopsis

Background: Broadcasting and cable company, which purportedly owned common law trademark of “The Krusty Krab,” as name of fictional restaurant in one of its animated television series, brought action against owner of proposed seafood restaurant with same name, asserting claims for, inter alia, trademark infringement under Texas law and unfair competition under Lanham Act. The United States District Court for the Southern District of Texas, [Gray H. Miller, J.](#), 242 F.Supp.3d 563, granted summary judgment in favor of company. Owner appealed.

Holdings: The Court of Appeals, [Priscilla R. Owen](#), Circuit Judge, held that:

[1] company established its ownership of mark by using it as source identifier;

[2] company's mark had acquired secondary meaning;

[3] use of “The Krusty Krab” as name of proposed restaurant created likelihood of confusion; and

[4] District Court did not abuse its discretion in admitting expert report summarizing consumer survey.

Affirmed.

West Headnotes (41)

[1] Trademarks **Infringement**

A trademark infringement action under Texas common law is analyzed in the same manner as a Lanham Act claim. Lanham Trade-Mark Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

[Cases that cite this headnote](#)**[2] Federal Courts** **Summary judgment**

The Court of Appeals reviews de novo a district court's grant of summary judgment.

[Cases that cite this headnote](#)**[3] Trademarks** **Infringement**

A trademark infringement action cannot be sustained unless the mark is legally protectable. Lanham Trade-Mark Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

[Cases that cite this headnote](#)**[4] Trademarks** **Use of Mark****Trademarks** **Validity, ownership, and use**

While registration of a trademark is prima facie evidence of the registrant's ownership of the mark, ownership is established by use, not by registration. Lanham Trade-Mark Act § 33, 15 U.S.C.A. § 1115(a).

[1 Cases that cite this headnote](#)**[5] Trademarks** **Nature and Extent of Use**

An ownership right in a trademark accrues when goods bearing the mark are placed on the market.

[Cases that cite this headnote](#)

[6] Trademarks

🔑 Trademarks

The purpose of trademark law is to prevent competitors from copying a source-identifying mark.

[Cases that cite this headnote](#)

[7] Trademarks

🔑 Nonliteral Elements

Specific elements from within a television show, as opposed to the title of the show itself, can receive trademark protection. Lanham Trade-Mark Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

[Cases that cite this headnote](#)

[8] Trademarks

🔑 Nonliteral Elements

In evaluating whether elements of a television series are trademarks, the focus is on the role that the element plays within the show and not the overall success or recognition of the show itself. Lanham Trade-Mark Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

[Cases that cite this headnote](#)

[9] Trademarks

🔑 Nonliteral Elements

When an element from a successful television series only occasionally appears in the series, the indication-of-origin requirement for trademark protection may not be met. Lanham Trade-Mark Act § 45, 15 U.S.C.A. § 1127.

[Cases that cite this headnote](#)

[10] Trademarks

🔑 Nonliteral Elements

When an element from a successful television series plays a central role in the franchise,

trademark protection is ordinarily granted. Lanham Trade-Mark Act § 45, 15 U.S.C.A. § 1127.

[Cases that cite this headnote](#)

[11] Trademarks

🔑 Literary or creative works, names of

Broadcasting and cable company used unregistered mark of “The Krusty Krab” as source identifier, and, thus, established its ownership of mark, as required for mark to be protectable under Texas common law; mark was integral to company's successful animated television series, given that it appeared as name of fictional restaurant in over 80% of episodes, mark played prominent role in films and musical based on television series, mark was featured online, in video games, and on licensed merchandise, words “Krusty Krab” were consistently used on licensed goods, despite inconsistency in font and prominence, and mark was distinct from separate primary trademark for name of series.

[Cases that cite this headnote](#)

[12] Trademarks

🔑 Continuity of use

Ownership rights in a trademark or service mark can be acquired and maintained through the use of the mark by a controlled licensee, even if only the licensee uses the mark.

[Cases that cite this headnote](#)

[13] Trademarks

🔑 Inherent distinctiveness in general

A mark is inherently distinctive if its intrinsic nature serves to identify a particular source. Lanham Trade-Mark Act § 45, 15 U.S.C.A. § 1127.

[Cases that cite this headnote](#)

[14] Trademarks

🔑 Acquired distinctiveness and secondary meaning in general

Even if a mark is not inherently distinctive, it can acquire distinctiveness if it has developed secondary meaning. Lanham Trade-Mark Act § 45, 15 U.S.C.A. § 1127.

[Cases that cite this headnote](#)

[15] Trademarks

🔑 [Acquired distinctiveness and secondary meaning in general](#)

A mark develops secondary meaning when, in the minds of the public, the primary significance of the mark is to identify the source of the product rather than the product itself.

[Cases that cite this headnote](#)

[16] Trademarks

🔑 [Acquired distinctiveness and secondary meaning in general](#)

To determine whether a mark has acquired secondary meaning, courts consider the: (1) length and manner of use of the mark or trade dress; (2) volume of sales; (3) amount and manner of advertising; (4) nature of use of the mark or trade dress in newspapers and magazines; (5) consumer-survey evidence; (6) direct consumer testimony; and (7) defendant's intent in copying the mark.

[1 Cases that cite this headnote](#)

[17] Trademarks

🔑 [Acquired distinctiveness and secondary meaning in general](#)

Several factors in combination may show that a mark has developed secondary meaning even if each factor alone would not.

[Cases that cite this headnote](#)

[18] Trademarks

🔑 [Secondary meaning](#)

Whether a mark has acquired secondary meaning is a question of fact.

[Cases that cite this headnote](#)

[19] Federal Civil Procedure

🔑 [Right to judgment as matter of law](#)

Summary judgment may be granted if the record compels the conclusion that the movant is entitled to judgment as a matter of law.

[Cases that cite this headnote](#)

[20] Trademarks

🔑 [Literary or creative works, names of](#)

Broadcasting and cable company's unregistered mark of "The Krusty Krab," as name of fictional restaurant in company's animated television series, had acquired secondary meaning, as required for mark to be protectable under Texas common law, even though there was absence of any consumer survey or direct consumer testimony; mark appeared in pilot episode of series, mark was included in over 80% of episodes over 18-year period, mark was central element of series, given that main character worked at restaurant, company had earned millions on licensed products displaying mark, public would recognize mark as more than artistic backdrop in advertisements, and mark was often referenced by press.

[1 Cases that cite this headnote](#)

[21] Trademarks

🔑 [Miscellaneous particular cases; determinations based on multiple factors](#)

Use of "The Krusty Krab" as name of proposed seafood restaurant created likelihood of confusion as to source, affiliation, or sponsorship of restaurant, as required under Texas law for use to infringe broadcasting and cable company's unregistered mark of "The Krusty Krab," as name of fictional restaurant in company's animated television series, even if there was marginal overlap in retail outlets and purchasers of respective products and

services, since company's mark was strong, marks had identical pronunciation and unconventional spelling, both marks were used to identify restaurants, despite little thematic overlap, and consumer survey indicated actual confusion about source, affiliation, or sponsorship of proposed restaurant.

[Cases that cite this headnote](#)

[22] Trademarks

🔑 Factors considered in general

To assess whether use of a mark creates a likelihood of confusion as to affiliation, sponsorship, or source, as required to show trademark infringement, a court considers a flexible, nonexhaustive list of so-called digits of confusion, including: (1) the type of mark allegedly infringed; (2) the similarity between the two marks; (3) the similarity of the products or services; (4) the identity of retail outlets and purchasers; (5) the identity of the advertising media used; (6) the defendant's intent; (7) any evidence of actual confusion; and (8) the degree of care exercised by potential purchasers. Lanham Trade-Mark Act, § 1 et seq., [15 U.S.C.A. § 1051 et seq.](#)

[1 Cases that cite this headnote](#)

[23] Trademarks

🔑 Factors considered in general

No single factor in the list of digits of confusion for assessing the likelihood of confusion required for trademark infringement is dispositive, and a finding of a likelihood of confusion need not be supported by a majority of the factors. Lanham Trade-Mark Act, § 1 et seq., [15 U.S.C.A. § 1051 et seq.](#)

[Cases that cite this headnote](#)

[24] Trademarks

🔑 Similarity;likelihood of confusion

Likelihood of confusion, as required for trademark infringement, is a question of fact.

Lanham Trade-Mark Act, § 1 et seq., [15 U.S.C.A. § 1051 et seq.](#)

[Cases that cite this headnote](#)

[25] Trademarks

🔑 Factors considered in general

Context is critical to a likelihood-of-confusion analysis on a trademark infringement claim, and a court must consider the application of each digit of confusion in light of the specific circumstances of the case; otherwise, the court risks inadvertently lowering the standard of confusion. Lanham Trade-Mark Act, § 1 et seq., [15 U.S.C.A. § 1051 et seq.](#)

[1 Cases that cite this headnote](#)

[26] Trademarks

🔑 Strength or fame of marks;degree of distinctiveness

The type of mark, as one of the digits of confusion used to assess the likelihood of confusion required for trademark infringement, refers to the strength of the mark. Lanham Trade-Mark Act, § 1 et seq., [15 U.S.C.A. § 1051 et seq.](#)

[1 Cases that cite this headnote](#)

[27] Trademarks

🔑 Strength or fame of marks;degree of distinctiveness

In evaluating the strength of a mark, as one of the digits of confusion used to assess the likelihood of confusion required for trademark infringement, the more distinctive a mark, the stronger the mark. Lanham Trade-Mark Act, § 1 et seq., [15 U.S.C.A. § 1051 et seq.](#)

[Cases that cite this headnote](#)

[28] Trademarks

🔑 Strength or fame of marks;degree of distinctiveness

Strong marks are entitled to more protection because there is a greater likelihood that

consumers will confuse the junior user's use with that of the senior user. Lanham Trade-Mark Act, § 1 et seq., [15 U.S.C.A. § 1051 et seq.](#)

[Cases that cite this headnote](#)

[29] Trademarks

🔑 [Appearance, sound, and meaning](#)

Assessing the similarity of marks, as one of the digits of confusion used to assess the likelihood of confusion required for trademark infringement, requires consideration of the marks' appearance, sound, and meaning. Lanham Trade-Mark Act, § 1 et seq., [15 U.S.C.A. § 1051 et seq.](#)

[Cases that cite this headnote](#)

[30] Trademarks

🔑 [Examination and comparison; construction as entirety](#)

In assessing the similarity of marks, as one of the digits of confusion used to assess the likelihood of confusion required for trademark infringement, even if two marks are distinguishable, a court asks whether, under the circumstances of use, the marks are similar enough that a reasonable person could believe the two products have a common origin or association. Lanham Trade-Mark Act, § 1 et seq., [15 U.S.C.A. § 1051 et seq.](#)

[Cases that cite this headnote](#)

[31] Trademarks

🔑 [Similarity or dissimilarity in general](#)

In assessing the similarity of the products or services, as one of the digits of confusion used to assess the likelihood of confusion required for trademark infringement, the more similar the products and services, the greater the likelihood of confusion. Lanham Trade-Mark Act, § 1 et seq., [15 U.S.C.A. § 1051 et seq.](#)

[Cases that cite this headnote](#)

[32] Trademarks

🔑 [Markets and territories;competition](#)

The danger of affiliation or sponsorship confusion, as required for trademark infringement, increases when the junior user's services are in a market that is one into which the senior user would naturally expand. Lanham Trade-Mark Act, § 1 et seq., [15 U.S.C.A. § 1051 et seq.](#)

[Cases that cite this headnote](#)

[33] Trademarks

🔑 [Trade channels;sales, advertising, and marketing](#)

In assessing the identity of retail outlets and purchasers, as one of the digits of confusion used to assess the likelihood of confusion required for trademark infringement, the greater the overlap between retail outlets and purchasers, the greater the likelihood of confusion. Lanham Trade-Mark Act, § 1 et seq., [15 U.S.C.A. § 1051 et seq.](#)

[Cases that cite this headnote](#)

[34] Trademarks

🔑 [Trade channels;sales, advertising, and marketing](#)

In assessing the identity of advertising media that contains marks, as one of the digits of confusion used to assess the likelihood of confusion required for trademark infringement, the greater the similarity in the advertising campaigns, the greater the likelihood of confusion. Lanham Trade-Mark Act, § 1 et seq., [15 U.S.C.A. § 1051 et seq.](#)

[Cases that cite this headnote](#)

[35] Trademarks

🔑 [Knowledge, intent, and motive;bad faith](#)

Although not necessary to a finding of likelihood of confusion, a defendant's intent to confuse, as one of the digits of confusion used to assess the likelihood of confusion required for trademark infringement, may alone be sufficient to justify an inference that

there is a likelihood of confusion. Lanham Trade-Mark Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

1 Cases that cite this headnote

[36] Federal Civil Procedure

🔑 Presumptions

At summary judgment, a court must disregard all evidence favorable to the moving party that the jury is not required to believe, and construe all the evidence and reasonable inferences deduced therefrom in a light most favorable to the nonmovant.

Cases that cite this headnote

[37] Trademarks

🔑 Actual confusion

Trademarks

🔑 Consumer data and market research; tests and surveys

To show actual confusion, as one of the digits of confusion used to assess the likelihood of confusion required for trademark infringement, a plaintiff may rely on anecdotal instances of consumer confusion or consumer surveys. Lanham Trade-Mark Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

2 Cases that cite this headnote

[38] Evidence

🔑 Results of experiments

District Court did not abuse its discretion in admitting expert report summarizing consumer survey, when analyzing likelihood of consumer confusion, as required under Texas law for use of “The Krusty Krab” as name of proposed seafood restaurant to infringe broadcasting and cable company's mark of “The Krusty Krab,” as name of fictional restaurant in company's animated television series, since methodological flaws, including use of questions that invited word association, did not rise to level of substantial defect, rather, flaws went to weight of survey.

Cases that cite this headnote

[39] Trademarks

🔑 Consumer data and market research; tests and surveys

Trademarks

🔑 Consumer data and market research; tests and surveys

Usually, methodological flaws in a consumer survey bear on the weight the survey should receive, not the survey's admissibility, when analyzing actual confusion, as one of the digits of confusion used to assess the likelihood of confusion required for trademark infringement. Lanham Trade-Mark Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

1 Cases that cite this headnote

[40] Trademarks

🔑 Consumer data and market research; tests and surveys

A consumer survey can be so badly flawed that it cannot be used to demonstrate the likelihood of consumer confusion required for trademark infringement. Lanham Trade-Mark Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

1 Cases that cite this headnote

[41] Trademarks

🔑 Alphabetical listing

The Krusty Krab

Cases that cite this headnote

*182 Appeal from the United States District Court for the Southern District of Texas, [Gray H. Miller](#), U.S. District Judge

Attorneys and Law Firms

Stephen Paul Meleen, Tyson David Smith, Pirkey Barber, P.L.L.C., Austin, TX, for Plaintiff–Appellee.

Karen Bryant Tripp, Esq., Christopher F. Schaefer, Houston, TX, for Defendant–Appellant.

Before REAVLEY, SMITH, and OWEN, Circuit Judges.

Opinion

PRISCILLA R. OWEN, Circuit Judge:

Viacom International, Inc. (Viacom) sued IJR Capital Investments, L.L.C. (IJR) for infringing on its common law trademark of The Krusty Krab—a fictional restaurant in the popular “SpongeBob SquarePants” animated television series—after IJR took steps to open seafood restaurants using the same name. The district court granted summary judgment to Viacom on its trademark infringement and unfair competition claims. IJR appeals, asserting that Viacom does not have a valid trademark for The Krusty Krab and that its seafood restaurants would not create a likelihood of confusion *183 between the two marks. We affirm the judgment of the district court.

I

In 1999, Viacom launched the animated television series “SpongeBob SquarePants” on its Nickelodeon network. The show revolves around SpongeBob SquarePants, a sea sponge that wears square shorts, lives in an underwater pineapple, and works at the fictional The Krusty Krab restaurant as a fry cook with an array of characters including a cranky co-worker and the owner of The Krusty Krab. The show has become the most-watched animated television series for 15 consecutive years, with over 73 million viewers in the second quarter of 2016 alone. While the audience is predominately comprised of children, one-third of all viewers are 18 or older.

The fast food restaurant The Krusty Krab played a prominent role in the pilot episode of the series and has appeared in 166 of 203 episodes. The Krusty Krab was featured in two “SpongeBob SquarePants” feature films that grossed \$470 million (and incurred \$197 million in promotional expenses). The Krusty Krab Restaurant is also an element of Viacom's mobile app “SpongeBob

Moves In” (seven million global downloads), appears in a play called *The SpongeBob Musical*, and is frequently mentioned in the franchise's advertisements and online outreach (approximately seven million page views across platforms per week). The press has referenced The Krusty Krab many times when discussing the show.

The Krusty Krab is also licensed to third parties for a variety of products. These licensed products include: licensed Krusty Krab playsets from Just Play, Mattel, The LEGO Company, and Mega Brands, Inc. (\$1.4 million in royalties since 2009), the video game “SpongeBob SquarePants Creature from The Krusty Krab” (over one million units), The Krusty Krab aquarium accessories (187,000 units), reusable franchise-themed stickers of The Krusty Krab, The Krusty Krab shirts sold at The SpongeBob Store at Universal Studios, Florida, and more. Viacom has never attempted to license The Krusty Krab mark to a restaurant. However, Viacom's subsidiary company Paramount Pictures Corporation did license Bubba Gump Shrimp Co. for seafood restaurants based on the fictional business from the 1994 movie “Forrest Gump.”

In 2014, IJR's owner, Javier Ramos, decided to open seafood restaurants in California and Texas. Ramos asserts that he was describing the crusted glaze applied to cooked seafood when his friend Ivan Murillo suggested naming the restaurant Crusted Crab, which quickly became The Krusty Krab. Both Murillo and Ramos deny having considered SpongeBob during this conversation, however Murillo has since stated that those who see the name may think of the restaurant from “SpongeBob SquarePants.” Also, an IJR investor mentioned SpongeBob “out of the blue” while discussing the restaurant. Ramos said that he first became aware of the fictional restaurant from “SpongeBob SquarePants” when he performed a search using Google to determine if there were restaurants with a name similar to The Krusty Krab.

Because Ramos's search did not find an actual restaurant that used the mark, IJR filed a trademark application with the United States Patent and Trademark Office (USPTO) for THE KRUSTY KRAB. Viacom had not previously registered The Krusty Krab mark. The USPTO approved IJR's mark and published the application for opposition. Viacom did not oppose at this time, and the USPTO issued

a notice *184 of allowance for the mark authorizing issuance once IJR filed a statement of use.

Beyond filing an intent-to-use trademark application, IJR also developed a business plan for potential investors in The Krusty Krab. The business plan included a logo for the restaurant and described the eatery as a “Cajun seafood restaurant” that would sell shrimp, crawfish, and po-boys. IJR intended to target families, singles, and students through print, radio, and online advertisements. The business plan makes no reference to the SpongeBob franchise or the fictional restaurant The Krusty Krab. IJR also purchased four domain names for the restaurant concept, leased property in California, and procured restaurant equipment.

In November 2015, Viacom sent a cease-and-desist letter that demanded the withdrawal of IJR's trademark application and alleged infringement of The Krusty Krab mark. IJR promptly responded, declining to cease use and asserting that Viacom does not actually use The Krusty Krab as a trademark and that there was no likelihood of consumer confusion. However, IJR postponed opening any restaurants. Viacom then filed suit in January 2016.

Viacom asserted nine claims against IJR including unfair competition under the Lanham Act and trademark infringement under Texas common law. The complaint included allegations that IJR's use of the mark in connection with restaurant services was likely to cause, or to have caused, confusion or mistake and to have deceived potential customers, causing them to believe that the services offered by IJR were affiliated with, sponsored by, or connected with Viacom; use of the mark would materially influence customers' purchasing decisions for restaurant services; and as a result, Viacom suffered and would continue to suffer damages to its goodwill and reputation.

Viacom commissioned a consumer survey and an expert report by Dr. Edward Blair. The survey found that 30% of respondents thought The Krusty Krab was connected with Viacom and 35% of respondents associated the hypothetical restaurant with Viacom. IJR filed a *Daubert* motion to exclude Dr. Blair's report and testimony—alleging it was flawed—and Viacom filed a motion for summary judgment on eight of its nine claims.

The court held a hearing on the motions and denied IJR's motion to exclude Dr. Blair's report. The district court then granted, in part, Viacom's summary judgment motion on its common law trademark infringement and Lanham Act unfair competition claims. The district court held that: Viacom established ownership of the mark through sales and licensing; Viacom demonstrated that The Krusty Krab has acquired distinctiveness; and every likelihood-of-confusion factor indicated IJR's proposed use would probably cause confusion. Viacom then requested that the district court dismiss its other seven claims with prejudice and enter final judgment. The district court did so, and IJR appealed.

II

[1] A trademark infringement action under Texas common law is analyzed in the same manner as a Lanham Act claim.¹ *185 For Viacom to prevail on these claims, it must show (1) that it owns a legally protectable mark in The Krusty Krab and (2) that IJR's use of the mark creates a likelihood of confusion as to source, affiliation, or sponsorship.²

[2] IJR contends that the district court erred in granting summary judgment for Viacom. We review *de novo* a district court's grant of summary judgment.³ IJR specifically asserts that there are genuine issues of material fact as to whether Viacom owns a legally protectable mark and whether there is a likelihood of confusion between the two The Krusty Krab marks.

[3] A trademark infringement action cannot be sustained unless the mark is legally protectable.⁴ While Viacom has never registered The Krusty Krab mark, the Supreme Court has held that the Lanham Act “protects qualifying unregistered marks.”⁵ The Lanham Act provides that the term “trademark” includes “any word, name, symbol, or device, or any combination thereof” that is used or intended to be used “to identify and distinguish” one's goods “from those manufactured or sold by others.”⁶ Viacom's mark is legally protectable if it establishes ownership by demonstrating that it uses The Krusty Krab as a source identifier.⁷ Often this court has bypassed the use inquiry and conducted only a distinctiveness analysis.⁸ However, the two issues are

separate questions,⁹ and because the use-as-a-source-indicator *186 requirement is at issue in this case Viacom must establish both use and distinctiveness.¹⁰ We first consider the use of The Krusty Krab mark. Whether Viacom actually uses The Krusty Krab as a source identifier is a question of fact.¹¹

III

[4] [5] [6] While registration of a mark is “prima facie evidence of ... the registrant's ownership of the mark,”¹² ownership “is established by use, not by registration.”¹³ An ownership right “accrues when goods bearing the mark are placed on the market.”¹⁴ Viacom's mark clearly appears on goods in the market, such as The Krusty Krab playsets and aquarium ornaments. The question in this case, however, is whether Viacom uses The Krusty Krab to indicate origin¹⁵ because the purpose of trademark law is to “prevent[] competitors from copying ‘a source-identifying mark.’ ”¹⁶

[7] Before we assess whether Viacom uses The Krusty Krab as a source identifier, we address a threshold question: Can specific elements from within a television show—as opposed to the title of the show itself—receive trademark protection? We conclude that they can. While this court has never explored this precise issue, we have affirmed a judgment against the junior use of Conan the Barbarian—the title character of a comic book series—in a restaurant concept.¹⁷ This holding suggests that trademark protection may be granted to certain characters, places, and elements of a broader entertainment entity. Additionally, other courts have unequivocally extended this protection to fictional elements of entertainment franchises. In *Warner Bros., Inc. v. Gay Toys, Inc.*,¹⁸ the Second Circuit held that trademark protection may extend “to the specific ingredients of a successful T.V. series.”¹⁹ The Second Circuit held in that case that the General Lee—an orange muscle car with a Confederate flag emblem that was “prominently featured” on the successful television series “The Dukes of Hazzard”—fell “within the ambit of Section 43(a)” of the Lanham Act.²⁰ Subsequently, the Seventh Circuit also affirmed an injunction barring the junior user from making a model of the *187

“General Lee.”²¹ The underlying purposes of trademark are to protect goodwill and “to protect consumers against confusion and monopoly,” and “to protect the investment of producers in their trade names to which goodwill may have accrued and which goodwill free-riders may attempt to appropriate by using the first producer's mark, or one that is deceptively similar.”²² Extending trademark protection to elements of television shows that serve as source identifiers can serve those purposes.

[8] [9] The success of “SpongeBob Square Pants” is not in dispute, but use within a popular television series does not necessarily mean that the mark is used as a source identifier.²³ “The salient question” is whether The Krusty Krab mark, “as used, will be recognized *in itself* as an indication of origin for the particular product or service.”²⁴ If the mark “creates a separate and distinct commercial impression ... [it] performs the trademark function of identifying the source.”²⁵ In evaluating whether elements of a television series are trademarks, the focus is on the role that the element plays within the show and not the overall success or recognition of the show itself. When an element only occasionally appears in a successful television series, the indication-of-origin requirement may not be met.²⁶

For instance, in *Paramount Pictures Corp. v. Romulan Invasions*, Paramount (a subsidiary of Viacom) sought trademark protection on the Romulan mark, a fictional alien race in the “Star Trek” series.²⁷ The Romulan mark was featured in television episodes, movies, books, licensed plastic spaceship models and dolls, puzzles, games, and more.²⁸ The Trademark Trial and Appeal Board (T.T.A.B.) concluded that the mark was “only” used “from time to time” and held that Paramount “failed to establish any use of the term Romulan ... as a mark to distinguish its services.”²⁹ Star Trek fans may vehemently disagree with this analysis as a factual matter. However, we cite this decision to illustrate the conceptual aspects of the law in this area.

[10] When an element plays a more central role in a franchise, trademark protection is ordinarily granted. For example, the Southern District of New York held *188 that the Daily Planet, the employer of Clark Kent in “Superman,” was a common law trademark because “[t]he totality of evidence demonstrates that the Daily

Planet has over the years become inextricably woven into the fabric of the Superman story.”³⁰ Twenty-five years later, the Southern District of New York also held that Kryptonite—a registered trademark—was a protectable ingredient of the broader “Superman” franchise because it is “a staple of the Superman character and story,” the mark “is immediately recognized or associated with the character Superman,” and it “identif[ies] the entertainment and other goods and services created, distributed and/or licensed by or on behalf of DC Comics.”³¹ Likewise, the Second and Seventh Circuits granted trademark protection to the General Lee from “The Dukes of Hazzard” because of its critical role in the television series.³² The Fifth Circuit has upheld trademark protection for a cartoon character that was central to the comic strip.³³

[11] The Krusty Krab is analogous to protected marks like the Daily Planet, General Lee, and Conan the Barbarian. The mark is integral to “SpongeBob SquarePants,” as it appears in over 80% of episodes, plays a prominent role in the SpongeBob films and musical, and is featured online, in video games, and on licensed merchandise. The Krusty Krab's central role in the multi-billion dollar SpongeBob franchise is strong evidence that it is recognized in itself as an indication of origin for Viacom's licensed goods and television services.

[12] Viacom has extensively licensed The Krusty Krab mark. A “trade or service mark may be acquired through its use by controlled licensees.”³⁴ Even if only the licensee uses the mark, “[o]wnership rights in a trademark or service mark can be acquired and maintained through the use of the mark by a controlled licensee.”³⁵ The record verifies that The Krusty Krab appears on many consumer products including: reusable SpongeBob-themed stickers; multiple Krusty Krab playsets from brands like Lego; an aquarium ornament; a video game; and shirts, among other products. On most of those products, The Krusty Krab is featured prominently and contributes in identifying the good. This licensing regime has generated millions of dollars for Viacom and provides further evidence that Viacom uses The Krusty Krab as a source identifier and therefore owns the mark.

That the mark typically appears alongside the “SpongeBob SquarePants” trademark does not threaten its status as a trademark. Both the Federal Circuit and the

T.T.A.B. have held that a “word mark does not lose its strength as a trademark when the manufacturer[s] mark] is identified along with the branded product.”³⁶ *189 For example, Pop-Tarts received trademark protection even though the “primary or house mark ‘KELLOGG’ always appears on the labels, packages, and advertising material” because Pop-Tarts was “likely to create a commercial impression separate and apart from ‘KELLOGG.’ ”³⁷ Likewise, The Krusty Krab creates a distinct commercial impression signifying to consumers that products like Krusty Krab playsets or aquarium ornaments originate from the famous fictional restaurant that employs their beloved sea sponge character. The primary “SpongeBob SquarePants” mark does not hinder The Krusty Krab in performing the trademark function of identifying source.

Viacom's ownership of the mark is not undermined by the word mark's varying styles, fonts, and sizes on the licensed products. Other circuits have observed that “[c]onsistent and repetitive use of a designation as an indicator of source is the hallmark of a trademark.”³⁸ The Krusty Krab is a word mark—not a design mark—so the focus is whether the words themselves are consistently used as an indicator of source. While the title, font, and prominence of the mark are inconsistent, the words “Krusty Krab” are consistently used on the licensed goods and support Viacom's ownership claim.

The Krusty Krab's key role in “SpongeBob SquarePants” coupled with the consistent use of the mark on licensed products establishes ownership of the mark because of its immediate recognition as an identifier of the source for goods and services.

IV

While Viacom has established ownership of the mark through its use as a source identifier, Viacom must also prove that The Krusty Krab mark is distinctive in order to establish that it is legally protectable.³⁹

[13] [14] “[A] mark can be distinctive in one of two ways.”⁴⁰ “[A] mark is inherently distinctive if ‘[its] intrinsic nature serves to identify a particular source.’ ”⁴¹ Even if a mark is not inherently distinctive, it can acquire distinctiveness “if it has developed secondary

meaning.”⁴² The district court held that Viacom failed to demonstrate that its mark is inherently distinctive, but *190 that The Krusty Krab had acquired distinctiveness through secondary meaning. Because we agree that the mark has acquired distinctiveness through secondary meaning, we preterm consideration of whether the mark is inherently distinctive.

[15] [16] [17] A mark develops secondary meaning “when, in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself.”⁴³ One commentator has explained that “[i]n determining what can qualify as a trademark, it is crucial that the designation in question perform the job of identifying and distinguishing the goods or services with which the symbol appears.”⁴⁴ To determine whether a mark has acquired secondary meaning, courts consider the following seven factors:

- (1) length and manner of use of the mark or trade dress, (2) volume of sales, (3) amount and manner of advertising, (4) nature of use of the mark or trade dress in newspapers and magazines, (5) consumer-survey evidence, (6) direct consumer testimony, and (7) the defendant's intent in copying the [mark].⁴⁵

Several “factors in combination may show that” a mark has developed secondary meaning “even if each factor alone would not.”⁴⁶

[18] [19] Whether a mark has acquired secondary meaning is a question of fact.⁴⁷ At summary judgment, this court considers whether IJR raised a fact question as to secondary meaning—i.e. whether consumers associate The Krusty Krab only with Viacom.⁴⁸ Viacom's “burden of demonstrating secondary meaning ‘is substantial and requires a high degree of proof.’ ”⁴⁹ Nonetheless, summary judgment may be granted if the “record compels the conclusion that the movant is entitled to judgment as a matter of law.”⁵⁰

[20] The first factor—length and manner of use—supports Viacom. The Krusty Krab appeared in the pilot episode of “SpongeBob SquarePants” eighteen years ago.

Over 80% of the episodes aired from 1999 through today have included The Krusty Krab, and it is a central element of the SpongeBob universe. The recurrent use of The Krusty Krab over the past eighteen years in a widely viewed television program is undisputed, as is the manner of use.

As for volume of sales, Viacom has earned millions on licensed products that display The Krusty Krab mark, and two feature films in the SpongeBob franchise—which *191 prominently featured The Krusty Krab—grossed a combined \$470 million. This court has considered the sale of items grossing \$30,500 to be low volume,⁵¹ but has affirmed a finding of secondary meaning on review of a summary judgment when sales totaled \$93 million.⁵²

The relevant question with regard to factor three—the amount and manner of advertising—“is not the *extent* of the promotional efforts, but their *effectiveness* in altering the meaning of [the mark] to the consuming public.”⁵³ There have been numerous print and Internet advertisements for The Krusty Krab-licensed products, and \$197 million was spent in promotional expenditures for the two “SpongeBob SquarePants” feature films. The effectiveness of this advertising is evident from the success of product sales and the films. Though the effectiveness of the advertising as to The Krusty Krab mark, specifically, has not been directly proven, its depiction in advertisements is such that the public would recognize the mark as more than an artistic backdrop.

With respect to the nature and use of the mark in media—factor four—The Krusty Krab is often referenced by the press. The mark frequently appears on the “SpongeBob SquarePants” social media platforms and is integrated into the SpongeBob website and mobile app. This evidence supports Viacom's assertion that its word mark has acquired secondary meaning.⁵⁴

The record does not contain consumer-survey evidence as to whether The Krusty Krab has acquired secondary meaning, but “survey evidence is not required to establish secondary meaning.”⁵⁵ There is no direct consumer testimony nor any consideration of IJR's intent in the distinctiveness inquiry. Therefore, there is no evidence pertaining to factors five and six. The evidence regarding IJR's intent in copying the mark is discussed in more detail below. That evidence is inconclusive.

IJR does not dispute the underlying facts but asserts that they merely establish that the public recognizes “SpongeBob SquarePants” as a distinct source of products; according to IJR, The Krusty Krab is just a cartoon restaurant. This is not a reasonable inference from the undisputed evidence. The record clearly shows that The Krusty Krab is a focal point in the “SpongeBob SquarePants” television series and films, The Krusty Krab has continually been depicted in the advertising and promotion of the franchise over the past eighteen years, and it is used in the sale of products. The factors lead inescapably to the conclusion that in the minds of consumers, The Krusty Krab identifies the source of products, which is Viacom, the creator of the “SpongeBob SquarePants” fictional universe and its inhabitants. Viacom’s mark has acquired distinctiveness through secondary meaning as a matter of law.

V

[21] Viacom must also prove that IJR’s use of The Krusty Krab creates a likelihood *192 of confusion as to source, affiliation, or sponsorship.⁵⁶ It has met that burden.

[22] [23] To establish a likelihood of confusion, Viacom must show “a probability of confusion, which is more than a mere possibility of confusion.”⁵⁷ Word association with Viacom’s The Krusty Krab is insufficient to establish a probable likelihood of confusion, and the court “must ‘consider the marks in the context that a customer perceives them in the marketplace.’”⁵⁸ To assess whether use of a mark creates a likelihood of confusion as to affiliation, sponsorship, or source, this court considers the so-called “digits of confusion.”⁵⁹ The digits form a “flexible and nonexhaustive list”⁶⁰ that includes the following seven factors:

- (1) the type of mark allegedly infringed;
- (2) the similarity between the two marks;
- (3) the similarity of the products or services;
- (4) the identity of retail outlets and purchasers;
- (5) the identity of the advertising media used;
- (6) the defendant’s intent; and
- (7) any evidence of actual confusion.⁶¹

At times, our court has listed eight factors, the additional one being “the degree of care exercised by potential purchasers.”⁶² However, neither of the parties in the present case, nor the district court, has discussed that factor. In any event, “[n]o single factor is dispositive, and a finding of a likelihood of confusion need not be supported by a majority of the factors.”⁶³

[24] Likelihood of confusion is a question of fact.⁶⁴ However, “summary judgment is proper if the ‘record compels the conclusion that the movant is entitled to judgment as a matter of law.’”⁶⁵ The district court held “that all of the factors support a likelihood of confusion” and ruled in Viacom’s favor. Because all inferences must be made in the non-movant’s favor at summary judgment,⁶⁶ the district court erred in finding that *every* digit of confusion weighs in Viacom’s favor. Nonetheless, Viacom has established that as a matter of law there is a likelihood of confusion between the two marks.

[25] Context is critical to a likelihood-of-confusion analysis, and we “must consider the application of each digit in light of the specific circumstances of the case; otherwise, we risk inadvertently lowering the standard of confusion.”⁶⁷ Because of the posture of this case, context is limited as IJR has not yet opened its restaurant. *193 However, IJR has filed an intent-to-use trademark application for the name “The Krusty Krab” in restaurant services. It has also taken steps towards opening the restaurant such as leasing property, procuring equipment, purchasing domain names, and developing a comprehensive business plan. This court must not divine the theme and details of the restaurant, but the record contains sufficient context to conduct a likelihood-of-confusion analysis.

[26] [27] [28] “The first digit, the type of mark, refers to the strength of the mark.”⁶⁸ In evaluating the strength of The Krusty Krab mark, the focus is on Viacom’s mark.⁶⁹ The more distinctive a mark, the stronger the mark.⁷⁰ Strong marks are entitled to more protection because there is a greater likelihood “that consumers will confuse the junior user’s use with that of the senior user.”⁷¹ Viacom’s mark is strong because it has acquired

distinctiveness through secondary meaning.⁷² Therefore the first digit weighs in favor of a likelihood of confusion.

[29] [30] The second digit is the similarity of the marks. Assessing the similarity of the marks “requires consideration of the marks' appearance, sound, and meaning.”⁷³ “Even if two marks are distinguishable, we ask whether, under the circumstances of use, the marks are similar enough that a reasonable person could believe the two products have a common origin or association.”⁷⁴ Viacom's The Krusty Krab is a word mark, and IJR's mark has identical spelling and pronunciation, including the unconventional use of K's instead of C's. While marks can share a key word and still be “stylistically and typographically distinguishable” so as to produce different commercial impressions,⁷⁵ IJR's mark is verbatim the same and there is no genuine issue of material fact with respect to this digit of confusion. Logos for the two marks may differ, but the words themselves are indistinguishable and would likely confuse consumers as to the source, affiliation or sponsorship of IJR's The Krusty Krab restaurant.

[31] The third digit in the likelihood of confusion analysis is the similarity of the products or services. The more similar the products and services, the greater the likelihood of confusion.⁷⁶ Viacom's The Krusty Krab has a distinct theme as a fictional hamburger restaurant, whereas IJR has not fully developed a theme for its planned seafood restaurant. Existing context suggests that the restaurants will have little thematic overlap. For example, IJR's business *194 plan never references SpongeBob, and IJR's sample menu serves po-boys and boiled seafood, not fast food hamburgers. While there is little evidence of thematic overlap between the restaurants, IJR nevertheless plans to open a restaurant, and given the success of SpongeBob, that indicates a likelihood of confusion.

[32] Furthermore, “[t]he danger of affiliation or sponsorship confusion increases when the junior user's services are in a market that is one into which the senior user would naturally expand.”⁷⁷ In *Conan Properties, Inc. v. Conans Pizza, Inc.*, this court recognized the logical extension of fictional characters to restaurants, explaining that “today's consumers expect [cartoon character] endorsements and act favorably toward them”

in the restaurant setting.⁷⁸ Here, both marks already identify restaurants. Furthermore Viacom could naturally develop a real The Krusty Krab restaurant based on the fictional eatery, as its subsidiary did when it licensed Bubba Gump Shrimp Co., a fictional business in the movie “Forrest Gump,” to create a chain of real seafood restaurants. A reasonable jury would find that factor three favors a likelihood of confusion.

[33] The fourth digit is the identity of retail outlets and purchasers. The greater the overlap between retail outlets and purchasers, the greater the likelihood of confusion.⁷⁹ IJR does not yet have a retail outlet or customers, but its business plan and Ramos's testimony provide context. IJR plans to open restaurants in California and Texas, and it intends to target “the general public,” particularly “families, singles, and students ... as well as the area's work force.” At this general level of abstraction, Viacom also targets the general public, including residents of California and Texas. Based on this broad overlap, the district court found that factor four weighed in Viacom's favor. However, there are substantial differences in the retail outlets and the predominant purchasers that mitigate the possibility of confusion.

The retail outlets have little overlap, as Viacom presumably targets television viewers, toy stores, and online retailers, whereas IJR's services will only be available in brick-and-mortar restaurants. This court previously held that when a senior user distributes primarily through grocery stores and a junior user distributes exclusively through fast food outlets, there are basic differences in modes of distribution even if the senior user also distributes some of its product through fast food outlets.⁸⁰ Likewise, Viacom and IJR would have different retail outlets even if there were marginal overlap.

There is some overlap in purchasers—IJR targets families, two-thirds of SpongeBob viewers are children, and one-third of viewers are technically adults—but the core consumers of each mark are dissimilar. Purchaser identity is similar, for example, when the competing marks both target trained cosmetologists⁸¹ or drillers of natural gas.⁸² By contrast, substantial dissimilarities *195 existed when the junior user's fast-food pizza patrons were “primarily young (85.6% under 35 years of age), single (61%) males (63.3%),” while the senior user's purchasers of sugar in grocery stores were “predominately middle-

aged housewives.”⁸³ There is no empirical data in the present case, and it is not clear how much the identity of consumers and purchasers would overlap. SpongeBob predominately targets children and young adults through mostly digital channels, whereas IJR's retail outlets would be physical restaurants. However, it is reasonable to infer that some children who are SpongeBob fans would influence their parents' or caretakers' decision to eat at a Krusty Krab restaurant, and that adult SpongeBob fans might well dine at a Krusty Krab restaurant, at least once, due to the name. But the extent of the overlap between purchasers cannot be gauged adequately on the record before us.

[34] The fifth digit of confusion is the identity of advertising media. “The greater the similarity in the [advertising] campaigns, the greater the likelihood of confusion.”⁸⁴ Ramos has testified, and IJR's business plan confirms, that IJR will advertise through traditional media such as television and print, as well as online media including social networks and “Google ads.” Viacom advertises “SpongeBob SquarePants” on television—and through it The Krusty Krab mark—and it also promotes the mark online.

This court has held that when “[b]oth companies use print advertisements, direct mailings, and Internet promotion” it “supports an inference that the parties use similar advertising and marketing channels.”⁸⁵ On the other hand, when one mark advertises nationally and the other mark advertises locally in a specialized manner, there are significant differences between the advertising media used.⁸⁶ Absent any existing advertising by IJR, it is difficult to assess the similarity between the campaigns. We have held that this digit was “minimally probative” when a defendant did not advertise and the record “was unable to provide much information about these ads.”⁸⁷ Likewise, while there is substantial overlap in the abstract, without specific advertising content, digit five does not weigh in favor of a likelihood of confusion.

[35] The sixth digit is the defendant's intent. “Although not necessary to a finding of likelihood of confusion, a defendant's intent to confuse may alone be sufficient to justify an inference that there is a likelihood of confusion.”⁸⁸ If there is no evidence of intent to confuse, then this factor is neutral.⁸⁹ The relevant inquiry is

whether IJR intended to derive benefits from Viacom's reputation by using The Krusty Krab mark.⁹⁰ Evidence that a defendant intends to “pass off” its product as that of another can be found through imitation of packaging, similar distribution methods, and more.⁹¹

The district court acknowledged that it was “not clear” whether Ramos intended to derive benefits from Viacom's reputation. Nonetheless, it held that IJR acted in bad faith because Murillo associated the phrase The Krusty Krab with “SpongeBob SquarePants” and Ramos was aware of Viacom's use of the mark before he submitted his trademark application. Murillo's word association, without more, does not establish bad faith at summary judgment. Furthermore, while some courts would infer that Ramos's selection of a mark with knowledge of another's use is a signal of intent,⁹² this court has held that, “‘mere awareness’ of the senior user's mark does not ‘establish[] ... bad intent.’”⁹³ Also, Murillo averred that he never mentioned SpongeBob during his discussions with Ramos, and IJR asserted that the original Crusted Crab name was created to reference seafood with a crust on it and that the spelling modification was a stylistic decision.

[36] While a jury may disbelieve IJR, at the summary judgment stage there is a genuine issue of material fact as to whether IJR intended to derive benefits from Viacom's The Krusty Krab. IJR asserts that it spontaneously developed its name, and this court has held that organic creation of a mark shows lack of intent and does not support a likelihood of confusion.⁹⁴ IJR utilized only one element of the show—The Krusty Krab name—a name that Viacom did not register. These facts are more favorable to IJR than to the *Conans Pizza* junior user, but even when there was a “pervasive, inescapable aura of CONAN THE BARBARIAN,”⁹⁵ this court held that “sufficient doubt exists regarding whether that use was designed to capitalize on [plaintiff's] goodwill.”⁹⁶ At summary judgment, this court must “disregard all evidence favorable to the moving party that the jury is not required to believe,”⁹⁷ and “construe all the evidence and reasonable inferences deduced therefrom in a light most favorable to [IJR].”⁹⁸ The district court erred in inferring bad intent, as evidence of IJR's malevolence is circumstantial. Accordingly, this digit does not support a finding of a likelihood of confusion.

***197 [37]** The seventh digit is evidence of actual confusion. This is the “best evidence of a likelihood of confusion.”⁹⁹ Even if initial consumer confusion is quickly dispelled, this initial misunderstanding is evidence of confusion.¹⁰⁰ “To show actual confusion, a plaintiff may rely on anecdotal instances of consumer confusion or consumer surveys.”¹⁰¹ Viacom commissioned Dr. Blair to perform a consumer survey, and it found that 30% of respondents indicated that a restaurant named The Krusty Krab was “operated by, affiliated or connected with, or approved or sponsored by Viacom” and that 35% of respondents associated such a restaurant with Viacom. There is also anecdotal evidence of confusion: Ivan Murillo admitted that The Krusty Krab calls to mind “SpongeBob SquarePants,” and an IJR investor mentioned SpongeBob “out of the blue” while discussing the restaurant.

[38] The district court admitted Dr. Blair's report over IJR's objections—which this court reviews for abuse of discretion¹⁰²—and held that the survey results were “sufficient” to weigh in favor of a likelihood of confusion. Consumer surveys may evidence confusion at levels less than 30%.¹⁰³ However, when survey results are “substantially defective,” confusion levels of 57% and 71% are insufficient to evidence actual confusion.¹⁰⁴ Therefore, we must consider whether Dr. Blair's survey was substantially defective.

[39] [40] “Usually, methodological flaws in a survey bear on the weight the survey should receive, not the survey's admissibility.”¹⁰⁵ However, “a survey can be ‘so badly flawed that it cannot be used to demonstrate ... the likelihood of consumer confusion.’ ”¹⁰⁶ This court has concluded that when participants were non-representative and questioning procedures were improper, the surveys were so seriously flawed that no reasonable jury could consider them as evidence of confusion.¹⁰⁷ This case presents no such representativeness concerns. However, parts of the survey resembled a word-association test. Dr. Blair utilized the widely accepted *Eveready* ***198** format when conducting his survey.¹⁰⁸ But the survey asked if “THE KRUSTY KRAB restaurant [is] affiliated or connected with any other company or organization.”

This invites word association, and “a mere word-association test is entitled to little weight.”¹⁰⁹ Yet these methodological flaws affect only the weight the survey should receive; they do not rise to the level of a substantial defect, and the district court did not abuse its discretion in admitting Dr. Blair's report.

This court has “set a low bar ... stating that a plaintiff need provide ‘very little proof of actual confusion ... to prove likelihood of confusion.’ ”¹¹⁰ Construing all evidence in IJR's favor, Blair's survey has probative value and there is anecdotal evidence of actual confusion. We therefore conclude that this digit weighs in favor of a likelihood of confusion.

The record shows that there is no genuine issue of material fact as to likelihood of confusion. The digits of confusion—particularly the strength of Viacom's mark, the identical spelling and pronunciation of the marks, both marks' identification of restaurants, and evidence of actual confusion—dictate that IJR's use of the mark infringes on Viacom's trademark. By creating a connection in the consumer's mind between IJR's restaurant-in-development and The Krusty Krab from “SpongeBob SquarePants,” there is an impermissible likelihood of confusion as to source, affiliation, or sponsorship.

While this holding does not grant trademark protection to Viacom in every context, third parties cannot appropriate the goodwill and reputation of The Krusty Krab by naming a restaurant The Krusty Krab absent a showing that the restaurant was developed in a context sufficient to avoid any likelihood of consumer confusion. This case squarely falls within the protection of the Lanham Act and consumers would affiliate Viacom's legally protectable The Krusty Krab mark with IJR's seafood restaurant by the same name.

* * *

For the foregoing reasons, we AFFIRM the judgment of the district court.

All Citations

891 F.3d 178, 127 U.S.P.Q.2d 1112

Footnotes

- 1 [Streamline Prod. Sys., Inc. v. Streamline Mfg., Inc.](#), 851 F.3d 440, 450 (5th Cir. 2017) (“The elements of common law trademark infringement under Texas law are the same as those under the Lanham Act.” (citing [Hot–Hed, Inc. v. Safehouse Habitats \(Scotland\), Ltd.](#), 333 S.W.3d 719, 730 (Tex. App.—Houston [1st Dist.] 2010, pet. denied))); [Amazing Spaces, Inc. v. Metro Mini Storage](#), 608 F.3d 225, 235 n.7 (5th Cir. 2010) (“A trademark infringement and unfair competition action under Texas common law presents essentially ‘no difference in issues than those under federal trademark infringement actions.’ ” (quoting [Horseshoe Bay Resort Sales Co. v. Lake Lyndon B. Johnson Improvement Corp.](#), 53 S.W.3d 799, 806 n.3 (Tex. App.—Austin 2011, pet. denied))).
- 2 See, e.g., 15 U.S.C. § 1125(a)(1)(A); [Streamline](#), 851 F.3d at 450; [Nola Spice Designs, LLC v. Haydel Enters., Inc.](#), 783 F.3d 527, 536 (5th Cir. 2015).
- 3 [Nola Spice Designs](#), 783 F.3d at 536 (citing [Xtreme Lashes, LLC v. Xtended Beauty, Inc.](#), 576 F.3d 221, 226 (5th Cir. 2009)).
- 4 [Elvis Presley Enters., Inc. v. Capece](#), 141 F.3d 188, 194 (5th Cir. 1998) (“[T]he threshold requirement [is] that the plaintiff must possess a protectible mark, which must be satisfied before infringement can be actionable.”).
- 5 [Sugar Busters LLC v. Brennan](#), 177 F.3d 258, 267 (5th Cir. 1999) (citing [Two Pesos, Inc. v. Taco Cabana, Inc.](#), 505 U.S. 763, 768, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992)).
- 6 15 U.S.C. § 1127; see also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 (1995) (“A trademark is a word ... that is used in a manner that identifies those goods or services and distinguishes them from the goods or services of others.”).
- 7 See [Blue Bell, Inc. v. Farah Mfg. Co.](#), 508 F.2d 1260, 1265–66 (5th Cir. 1975) (“[T]he question of use adequate to establish appropriation remains one to be decided on the facts of each case, and that evidence showing, first, adoption, and, second, use in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark, is competent to establish ownership.” (quoting [New England Duplicating Co. v. Mendes](#), 190 F.2d 415, 418 (1st Cir. 1951))); see also [Nextel Commc'ns, Inc. v. Motorola, Inc.](#), 91 U.S.P.Q.2d 1393, 1404 (T.T.A.B. 2009) (defining trademark as a word used “to indicate the source of the goods” (quoting 15 U.S.C. § 1127)).
- 8 See [Streamline Prod. Sys., Inc. v. Streamline Mfg., Inc.](#), 851 F.3d 440, 451 (5th Cir. 2017) (beginning the analysis of a trademark infringement claim for a registered mark with a distinctiveness inquiry); [Nola Spice Designs, LLC v. Haydel Enters., Inc.](#), 783 F.3d 527, 537 (5th Cir. 2015) (same); [Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.](#), 550 F.3d 465, 475 (5th Cir. 2008) (same for an unregistered mark).
- 9 See 1 J. THOMAS MCCARTHY, TRADEMARKS & UNFAIR COMPETITION § 3.4 (5th ed. 2017) [hereinafter MCCARTHY] (“While the issue of use as a trademark is similar to the issues of inherent distinctiveness and secondary meaning, it is a separate question.”).
- 10 See [Nextel](#), 91 U.S.P.Q.2d at 1407 (holding that a chirping sound could not acquire secondary meaning unless it was used as a trademark).
- 11 See [Self–Realization Fellowship Church v. Ananda Church of Self–Realization](#), 59 F.3d 902, 907 (9th Cir. 1995) (holding that there was no genuine dispute of material fact that a party had not used a phrase to identify its products); cf. [Rock & Roll Hall of Fame & Museum, Inc. v. Gentile Prods.](#), 134 F.3d 749, 753–755 (6th Cir. 1998) (examining evidence on this question at the preliminary injunction stage).
- 12 15 U.S.C. § 1115(a).
- 13 [Union Nat'l Bank of Tex., Laredo, Tex. v. Union Nat'l Bank of Tex., Austin, Tex.](#), 909 F.2d 839, 842 (5th Cir. 1990).
- 14 [Blue Bell, Inc. v. Farah Mfg. Co.](#), 508 F.2d 1260, 1265 (5th Cir. 1975); see U.S. PATENT AND TRADEMARK OFFICE, TRADEMARK MANUAL OF EXAMINING PROCEDURE § 901 (21th ed. 2017) [hereinafter TRADEMARK MAN. OF EXAM. PROC.].
- 15 See 15 U.S.C. § 1127 (stating that a trademark “indicate[s] the source of the goods”).
- 16 [Dastar Corp. v. Twentieth Century Fox Film Corp.](#), 539 U.S. 23, 34, 123 S.Ct. 2041, 156 L.Ed.2d 18 (2003) (quoting [Qualitex Co. v. Jacobson Prods. Co.](#), 514 U.S. 159, 163–64, 115 S.Ct. 1300, 131 L.Ed.2d 248 (1995)).
- 17 [Conan Props., Inc. v. Conans Pizza, Inc.](#), 752 F.2d 145, 148, 150 (5th Cir. 1985).
- 18 658 F.2d 76 (2d Cir. 1981).
- 19 *Id.* at 78.
- 20 *Id.* at 77–78.
- 21 See [Processed Plastic Co. v. Warner Commc'ns, Inc.](#), 675 F.2d 852 (7th Cir. 1982).
- 22 [Union Nat'l Bank of Tex., Laredo, Tex. v. Union Nat'l Bank of Tex., Austin, Tex.](#), 909 F.2d 839, 843–44 (5th Cir. 1990).

- 23 See *Paramount Pictures Corp. v. Romulan Invasions*, 7 U.S.P.Q.2d 1897, 1900 (T.T.A.B. 1988) (holding that the term Romulan from “Star Trek” does not fulfill “the requirement that a mark identify and distinguish the goods or services”).
- 24 *In re Morganroth*, 208 U.S.P.Q. 284, 287 (T.T.A.B. 1980) (emphasis added); see also 1 MCCARTHY § 3.4 (“The key question is whether, as actually used, the designation is likely to be recognized in and of itself as an indication of origin for this particular product or service.” (citing *Textron Inc. v. Cardinal Eng’g Corp.*, 164 U.S.P.Q. 397, 399 (T.T.A.B. 1969))); TRADEMARK MAN. OF EXAM. PROC. § 1301.02 (“It is the perception of the ordinary customer that determines whether the asserted mark functions as a service mark, not the applicant’s intent, hope, or expectation that it do so.”).
- 25 *In re Chem. Dynamics, Inc.*, 839 F.2d 1569, 1571 (Fed. Cir. 1988); see also 1 MCCARTHY § 3.4 (citing *The Procter & Gamble Co. v. Keystone Auto. Warehouse, Inc.*, 191 U.S.P.Q. 468, 474 (T.T.A.B. 1976)).
- 26 See *Romulan Invasions*, 7 U.S.P.Q.2d at 1899.
- 27 *Id.* at 1897.
- 28 *Id.*
- 29 *Id.* at 1899–1900.
- 30 *DC Comics, Inc. v. Powers*, 465 F.Supp. 843, 847 (S.D.N.Y. 1978).
- 31 *DC Comics v. Kryptonite Corp.*, 336 F.Supp.2d 324, 332 (S.D.N.Y. 2004).
- 32 See *Processed Plastic Co. v. Warner Commc’ns, Inc.*, 675 F.2d 852 (7th Cir. 1982); *Warner Bros, Inc. v. Gay Toys, Inc.*, 658 F.2d 76 (2d Cir. 1981).
- 33 See *Conan Props., Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 150 (5th Cir. 1985) (the cartoon Conan the Barbarian).
- 34 *Turner v. HMH Publ’g Co.*, 380 F.2d 224, 229 (5th Cir. 1967).
- 35 3 MCCARTHY § 18:46.
- 36 *Bridgestone Ams. Tire Ops., LLC v. Fed. Corp.*, 673 F.3d 1330, 1336 (Fed. Cir. 2012); *Kellogg Co. v. Gen. Foods Corp.*, 166 U.S.P.Q. 281, 282–83 (T.T.A.B. 1970).
- 37 *Kellogg*, 166 U.S.P.Q. at 282–83.
- 38 *Rock & Roll Hall of Fame v. Gentile Prods.*, 134 F.3d 749, 753–56 (6th Cir. 1998) (denying trademark protection on the architectural design of the building because the design was not consistently emphasized); see also *MicroStrategy Inc. v. Motorola, Inc.*, 245 F.3d 335, 342–43 (4th Cir. 2001) (holding that the phrase “Intelligence Everywhere” was not used as a mark in part because the word mark was used in “limited, sporadic, and inconsistent” ways).
- 39 See 15 U.S.C. § 1127 (defining trademark as a word used “to identify and distinguish his or her goods”); *Amazing Spaces, Inc. v. Metro Mini Storage*, 608 F.3d 225, 237 (5th Cir. 2010) (“To be protectable, a mark must be distinctive.” (quoting *Am. Rice, Inc. v. Producers Rice Mill, Inc.*, 518 F.3d 321, 329 (5th Cir. 2008))); see also *Streamline Prod. Sys., Inc. v. Streamline Mfg., Inc.*, 851 F.3d 440, 451 (5th Cir. 2017) (undertaking a distinctiveness inquiry in the analysis of a trademark infringement claim for a registered mark); *Nola Spice Designs, LLC v. Haydel Enters., Inc.*, 783 F.3d 527, 537 (5th Cir. 2015) (same); *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 476 (5th Cir. 2008) (same for an unregistered mark).
- 40 See *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 210–11, 120 S.Ct. 1339, 146 L.Ed.2d 182 (2000).
- 41 *Id.* at 210, 120 S.Ct. 1339 (quoting *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992)) (alteration in original).
- 42 *Id.* at 211, 120 S.Ct. 1339.
- 43 *Test Masters Educ. Servs., Inc. v. Robin Singh Educ. Servs., Inc.*, 799 F.3d 437, 445 (5th Cir. 2015) (quoting *Smack Apparel Co.*, 550 F.3d at 476) (alteration in original).
- 44 1 MCCARTHY § 3:1.
- 45 *Test Masters*, 799 F.3d at 445 (quoting *Smack Apparel Co.*, 550 F.3d at 476) (alteration in original).
- 46 *Id.* (quoting *Smack Apparel Co.*, 550 F.3d at 476).
- 47 *Amazing Spaces, Inc. v. Metro Mini Storage*, 608 F.3d 225, 234 (5th Cir. 2010).
- 48 *Test Masters*, 799 F.3d at 447 (stating that a court must determine whether a party “raised a dispute of fact as to whether consumers associate the mark with only its company”).
- 49 *Nola Spice Designs, LLC v. Haydel Enters., Inc.*, 783 F.3d 527, 544 (5th Cir. 2015) (quoting *Test Masters Educ. Servs., Inc. v. Singh*, 428 F.3d 559, 567 (5th Cir. 2005)).
- 50 See *Amazing Spaces*, 608 F.3d at 234 (quoting *Smack Apparel Co.*, 550 F.3d at 474) (affirming a grant of summary judgment on acquired distinctiveness while recognizing that distinctiveness is evaluated by a preponderance of the evidence).
- 51 *Nola Spice Designs*, 783 F.3d at 544.

- 52 *Smack Apparel*, 550 F.3d at 472, 478.
- 53 *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 795 (5th Cir. 1983) (quoting *Aloe Creme Labs., Inc. v. Milsan, Inc.*, 423 F.2d 845, 850 (5th Cir. 1970)) (emphases in original and alteration added), *abrogated on other grounds* by *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 125 S.Ct. 542, 160 L.Ed.2d 440 (2004).
- 54 See *Test Masters Educ. Servs., Inc. v. Robin Singh Educ. Servs., Inc.*, 799 F.3d 437, 446 (5th Cir. 2015).
- 55 *Nola Spice Designs*, 783 F.3d at 546.
- 56 See 15 U.S.C. § 1125(a)(1).
- 57 *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 193 (5th Cir. 1998).
- 58 *Scott Fetzer Co. v. House of Vacuums Inc.*, 381 F.3d 477, 485 (5th Cir. 2004) (quoting *Elvis Presley*, 141 F.3d at 197).
- 59 *Bd. of Supervisors for La. State Univ. Agric. and Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 478 (5th Cir. 2008) (quoting *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 664 (5th Cir. 2000)).
- 60 *House of Vacuums*, 381 F.3d at 485.
- 61 *Id.* at 484–85; see also *Elvis Presley*, 141 F.3d at 194; *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 259 (5th Cir. 1980).
- 62 *Streamline Prod. Sys., Inc. v. Streamline Mfg., Inc.*, 851 F.3d 440, 453 (5th Cir. 2017); accord *Am. Rice, Inc. v. Producers Rice Mill, Inc.*, 518 F.3d 321, 329 (5th Cir. 2008).
- 63 *Smack Apparel*, 550 F.3d at 478.
- 64 *Xtreme Lashes, LLC v. Xtended Beauty, Inc.*, 576 F.3d 221, 227 (5th Cir. 2009).
- 65 *Id.* at 227 (quoting *Smack Apparel*, 550 F.3d at 474).
- 66 *Id.* at 226.
- 67 *Scott Fetzer Co. v. House of Vacuums Inc.*, 381 F.3d 477, 485 (5th Cir. 2004).
- 68 *Smack Apparel*, 550 F.3d at 478–79.
- 69 *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 201 (5th Cir. 1998) (“In looking at the strength of the mark, the focus is the senior user's mark.”).
- 70 *Streamline Prod. Sys., Inc. v. Streamline Mfg., Inc.*, 851 F.3d 440, 454 (5th Cir. 2017).
- 71 *Elvis Presley*, 141 F.3d at 201.
- 72 See *supra* Part IV; see also *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 211, 120 S.Ct. 1339, 146 L.Ed.2d 182 (2000) (holding that a mark is distinctive “if it has developed secondary meaning”); *Xtreme Lashes, LLC v. Xtended Beauty, Inc.*, 576 F.3d 221, 227 (5th Cir. 2009) (suggesting that factor one supports trademark protection if the mark had acquired secondary meaning).
- 73 *Streamline*, 851 F.3d at 454 (quoting *Smack Apparel*, 550 F.3d at 479).
- 74 *Id.* (quoting *Xtreme Lashes*, 576 F.3d at 228).
- 75 *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 260–61 (5th Cir. 1980) (Domino's Pizza and Domino's Sugar).
- 76 *Streamline*, 851 F.3d at 454–55 (5th Cir. 2017) (quoting *Xtreme Lashes*, 576 F.3d at 229).
- 77 *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 202 (5th Cir. 1998).
- 78 752 F.2d 145, 150 (5th Cir. 1985).
- 79 *Streamline*, 851 F.3d at 455 (“The smaller the overlap between the retail outlets for and the predominant consumers of [plaintiff's] and [defendant's] goods, the smaller the possibility of confusion.”).
- 80 *Domino's Pizza*, 615 F.2d at 262.
- 81 *Xtreme Lashes, LLC v. Xtended Beauty, Inc.*, 576 F.3d 221, 229 (5th Cir. 2009).
- 82 See *Streamline*, 851 F.3d at 455 (holding that because the equipment could eventually end up in the same customers hands, the digit of confusion moved from against likelihood of confusion to neutral).
- 83 *Domino's Pizza*, 615 F.2d at 262.
- 84 *Streamline*, 851 F.3d at 455 (quoting *Exxon Corp. v. Tex. Motor Exch. of Hous., Inc.*, 628 F.2d 500, 506 (5th Cir. 1980)) (emphasis in original).
- 85 *Xtreme Lashes*, 576 F.3d at 229.
- 86 *Domino's Pizza*, 615 F.2d at 262.
- 87 *Bd. of Supervisors for La. State Univ. Agric. and Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 481 (5th Cir. 2008).
- 88 *Streamline*, 851 F.3d at 455 (quoting *Smack Apparel*, 550 F.3d at 481).
- 89 *Xtreme Lashes*, 576 F.3d at 229; see also *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 203 (5th Cir. 1998) (“If the defendant acted in good faith, then this digit of confusion becomes a nonfactor in the likelihood-of-confusion analysis,

rather than weighing in favor of a likelihood of confusion.”). *But cf. Streamline*, 851 F.3d at 456–57 (holding that because there was no intent to confuse, “this digit weighs against finding a likelihood of confusion”).

- 90 *Streamline*, 851 F.3d at 455.
- 91 *Domino's Pizza*, 615 F.2d at 263.
- 92 See, e.g., *Flleichmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149 (9th Cir. 1963).
- 93 *Streamline*, 851 F.3d at 456 (quoting *Conan Props., Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 150 (5th Cir. 1985)) (alterations in original); see also 4 MCCARTHY § 23:115 (citing cases from the Second, Sixth, Seventh, Tenth, and Federal Circuits) (“ [M]ere knowledge or awareness of the senior user's mark is not the same as an intent to confuse customers.”).
- 94 *Streamline*, 851 F.3d at 456 (noting that when the junior use chose its name, it was unaware of the senior user's existence); *Domino's Pizza*, 615 F.2d at 263 (holding that there was no evidence of intent because even though the junior user was aware of Domino sugar, he was simply shortening the prior name of the restaurant).
- 95 *Conan Props., Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 150 (5th Cir. 1985).
- 96 *Id.* at 151.
- 97 *Moore v. Willis Indep. Sch. Dist.*, 233 F.3d 871, 874 (5th Cir. 2000).
- 98 *Xtreme Lashes, LLC v. Xtended Beauty, Inc.*, 576 F.3d 221, 226 (5th Cir. 2009) (quoting *Int'l Shortstop, Inc. v. Rally's Inc.*, 939 F.2d 1257, 1260 (5th Cir. 1991)).
- 99 *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 203–04 (5th Cir. 1998) (quoting *Domino's Pizza*, 615 F.2d at 263).
- 100 *Id.* at 204.
- 101 *Scott Fetzer Co. v. House of Vacuums Inc.*, 381 F.3d 477, 486 (5th Cir. 2004) (citations omitted).
- 102 *Moore v. Ashland Chem. Inc.*, 151 F.3d 269, 274 (5th Cir. 1998) (en banc) (citing *Gen. Elec. Co. v. Joiner*, 522 U.S. 136, 118 S.Ct. 512, 139 L.Ed.2d 508 (1997); see also *Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579, 113 S.Ct. 2786, 125 L.Ed.2d 469 (1993)).
- 103 *Exxon Corp. v. Tex. Motor Exch. of Hous., Inc.*, 628 F.2d 500, 507 (5th Cir. 1980) (finding that 15% and 23% levels of confusion are “strong evidence indicating a likelihood of confusion”).
- 104 *Domino's Pizza*, 615 F.2d at 263 (dismissing a survey that found that 71% percent of participants thought that a company named Domino's Pizza, if it made other products, would make sugar); see *House of Vacuums*, 381 F.3d at 488 (dismissing a survey in which 57% of participants said they assumed an affiliation or association between the two marks).
- 105 *House of Vacuums*, 381 F.3d at 488.
- 106 *Id.* at 488 (quoting *Universal City Studios, Inc. v. Nintendo Co., Ltd.*, 746 F.2d 112, 118 (2d Cir. 1984)).
- 107 See *id.* at 487–88 (concluding the survey was flawed because it suggested a connection between the marks and it only surveyed purchasers of the plaintiff's product bearing the mark); *Domino's Pizza*, 615 F.2d at 264 (asking overly open-ended questions such as whether Domino's Pizza brought anything else to mind and surveying only the demographic that purchased the plaintiff's products bearing the mark).
- 108 6 MCCARTHY § 32:174 (noting that the format accepted in *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366 (7th Cir. 1976) has “become a standard and widely accepted format to prove the likelihood or non-likelihood of confusion”).
- 109 *Domino's Pizza*, 615 F.2d at 264 (quoting *Holiday Inns, Inc. v. Holiday Out in Am.*, 481 F.2d 445, 448 (5th Cir. 1973)); see also 4 MCCARTHY § 23:9 (“ ‘Confusion’ means more than that the junior user's mark merely ‘calls to mind’ the senior user's mark.”).
- 110 *Streamline Prod. Sys. Inc. v. Streamline Mfg., Inc.*, 851 F.3d 440, 457 (5th Cir. 2017) (quoting *Xtreme Lashes, LLC v. Xtended Beauty, Inc.*, 576 F.3d 221, 229 (5th Cir. 2009)).



KeyCite Yellow Flag - Negative Treatment

Distinguished by [DC Comics Pan American Grain Mfg. Co. Inc.](#), Trademark Tr. & App. Bd., August 24, 2005
7 U.S.P.Q.2d 1897 (Trademark Tr. & App. Bd.), 1988 WL 252376

Trademark Trial and Appeal Board

Patent and Trademark Office (P.T.O.)

PARAMOUNT PICTURES CORPORATION

v.

ROMULAN INVASIONS

March 31, 1988

Hearing: January 20, 1988

*1 Opposition No. 70,144, to application Serial No. 440,845, filed August 25, 1983.

Susan L. Cohen for Paramount Pictures Corporation.
Romulan Invasions, pro se.

Before Rooney, Simms and [Seeherman](#)
Members
Opinion by Rooney
Member

Romulan Invasions filed an application to register THE ROMULANS and design for entertainment services, namely, live and recorded performances by a vocal and instrumental group claiming use as of May 1, 1982.

Registration has been opposed by Paramount Pictures Corporation on the following enumerated grounds. Opposer is the owner of all right, title and interest to the STAR TREK television series and movies. A race of space creatures called The Romulans was created by opposer during the 1966-67 season and was featured or appeared in numerous STAR TREK episodes, still in syndication. The Romulans have also been mentioned in the movies based on the STAR TREK series. Opposer has done significant licensing using The Romulans and they have appeared as major characters in several books based on the STAR TREK series. Opposer was the owner of a registration for THE ROMULAN for dolls, doll clothing and play sets.¹ By such use and promotion, opposer has developed recognition in the consuming public such that anything bearing the name Romulans would be presumed to have originated with opposer. The mark sought to be registered by applicant, as used for entertainment services, is so similar to The Romulans as used by opposer as to be likely to lead to confusion, mistake or deception. Applicant denied the allegations set forth by opposer.

The record consists of the discovery deposition of applicant of August 25, 1986, opposer's interrogatories and applicant's answers thereto;² opposer's and applicant's testimony depositions and the exhibits introduced in connection with all of the foregoing. Both parties filed briefs but only opposer appeared at the oral hearing.

Opposer is the owner of the STAR TREK television show which first appeared in September 1966, was cancelled after two seasons and renewed for a third season in 1969. The syndicated television series has been continuously shown since then on 145 television stations. During the past ten years, there have been four STAR TREK feature movies with a fifth planned.

A new series, “STAR TREK-The Next Generation,” was scheduled to begin in the Fall 1987.³ The STAR TREK television series and movies have been very popular and have created a demand for STAR TREK-related items. Opposer has engaged in extensive licensing as a result. There is testimony as to licensing activities of opposer in connection with its STAR TREK series and movies in the field of publications, including novelization of screenplays, comic books, posters, magazines, calendars and publication of photographs and technical material; toys, including games, spaceship and character models, jigsaw puzzles; and plastic cups. Several publishers are licensed to produce novels based on the STAR TREK series.

*2 The Romulans are a fictional alien race introduced in an early episode of the STAR TREK television show. They are related to the Vulcans, another fictional race and, with the Klingons, comprise two alien enemy races. The Romulans were featured in episodes called “The Balance of Terror” and “The Enterprise Incident” and have appeared or were mentioned in other episodes. A STAR TREK novel is published bi-monthly by the Pocket Books arm of Simon & Schuster. One such novel, *The Web of the Romulans*, has had more than one printing and there are more than 420,000 copies in print. Another, *My Enemy, My Ally*, which is about The Romulans, has more than 300,000 copies in print. A third book, “*The Romulan Way*” was scheduled for publication when opposer's depositions were taken. The Romulans have appeared in comic books as well. Games and plastic models of the Romulan spaceships have been available to the public. Mego Corporation, identified as a licensee, applied for a registration for THE ROMULAN for dolls, doll clothing and playsets. The application was assigned to opposer on June 3, 1977 shortly before it registered on June 28, 1977. The registration was cancelled for failure to file a Section 8 affidavit.

The STAR TREK series has gained a large following and there are frequent STAR TREK conventions at which one or more of the series' actors appear and at which STAR TREK collectible articles are sold or traded.

Applicant, who began using the name The Romulans and a triple triangle design for entertainment services of live and recorded performances of a vocal and instrumental group in 1982, testified that its name ROMULANS results from a combination of the name “Romulus” and the word “Roman”. The triple triangle, according to applicant, represents the pyramids of Egypt. Applicant styles its band as a “socially aware” group whose message conveys how the political climate of today compares with Roman days. There is evidence of continuous use of the mark in live performances and there has been some recording activity under the mark. Applicant stated that its advertising expenses are from \$150-\$300 yearly. No income figures were given. According to applicant, the band plays “death rock” as well as “rock & roll”.

There is no question that the marks are quite similar. The design feature of applicant's mark does not alter the essential identity of the two marks.

Opposer does not own a registration covering the name “Romulans.” Therefore it must prove its priority of use. In connection therewith, there is ample evidence that opposer used the term “Romulan” as of a time long prior to applicant's first use. But, there are serious questions with regard to the nature of opposer's use.

In connection with opposer's use, Section 2 of the Trademark Act states that
No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it ... (d) consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of applicant, to cause confusion, or to cause mistake, or to deceive ...⁴

*3 The term “trademark” is defined as “any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others.” A service mark is “a mark used in the sale or advertising of services to identify the services of one person and

distinguish them from the services of others. Titles, character names⁵ and other distinctive features of radio or television programs may be registered as service marks ..." (Section 45, Trademark Act of 1946).

As far as we can tell from this record, opposer has not used the term "Romulan" (or "Romulans") as a mark to identify and distinguish any services of opposer. The entertainment services performed by opposer are identified by the name STAR TREK. The term "Romulan" has been used only as the name of a fictional race of people which appears from time to time in the STAR TREK television series and has apparently been mentioned in the movies. Appearance of the Romulans as characters in the storyline of the STAR TREK television series or movies does not make Romulans a trademark or service mark for either. See *In re D.C. Comics*, *infra*.

As to opposer's claim to have used "Romulan", through licensees or on its own, on comic books and various other books, we note that Judge Nies, in commenting on a similar usage, summed it up in her concurring opinion in *In re D.C. Comics, Inc.*, 689 F.2d 1042, 215 USPQ 394 at fn. 1 (CCPA 1982), where she said that Appellant's exhibits show only various action poses of the JOKER character on the cover of a notebook and in or on comic books. Contrary to appellant's argument, not every display of these designs on goods is trademark usage. For example, the appearance of the JOKER in a story in a BATMAN comic book does not make the JOKER a trademark for the book.

By the same token, the appearance of the Romulans as characters in various novels or comic books based on STAR TREK cannot afford trademark protection for the name Romulan in connection with those goods. To the extent that the name, The Romulans, appears as part of the title of any such books, it is well established that titles of single works are not registrable as trademarks. See *In re Cooper*, 45 CCPA 923, 254 F.2d 611, 117 USPQ 396 (CCPA 1958).

With regard to a license with Mego Corporation, other than the testimony of Mr. Rosenbaum, opposer's vice-president for legal affairs, there is no evidence pertaining thereto and the testimony itself is not at all explicit. The following exchange occurred during Mr. Rosenbaum's testimony.

Q.8 Mr. Rosenbaum, do you know if Paramount has done much merchandising with the Star Trek property?

A. Yes, it has.

Q.9 Could you tell us some of the types of merchandising that have gone on with the Star Trek property?

A. Well, to the best of my recollection, we have licensed various publications based on Star Trek, including novelization of screenplays of the theatrical motion pictures, original novels based on Star Trek, games--

*4 ...

A. (Continuing) Games records, comic books, various Fotonovels,⁶ and publications full of photographs and technical material relating to Star Trek, models of the various spaceships, models of the characters, games featuring the characters, calendars, glow-in-the-dark plastic cups, jigsaw puzzles, posters, magazines ...

Q.10 At one time, did Paramount Pictures have a licensee which created a full line of Star Trek toys?

...

A. Yes, we did.

Q.11 Would you tell me, was that licensee the Mego Corporation?

A. Yes, it was. Among others.

The only evidence offered to establish use of “Romulan” by Mego is the aforementioned trademark registration and a listing in the 1983 “Price Guide to STAR TREK and STAR WARS Collectibles” which is a catalog of collectible items available for sale or trade among fans of the named films and television series. On page 144 is listed “Alien Action Figure, Mego Corporation, The Romulan, poseable with costume, 1975, 8#”. The highest and lowest selling prices set by various dealers for each article is given. The selling price for the Romulan figure is between \$50 and \$100. It appears from this listing that the particular “action figure” available (which presumably is a Mego doll) is of a 1975 vintage.⁷ Other than this, there is no evidence as to the manufacture, sale or advertising of any “Romulan” dolls by either Mego or opposer and opposer’s cancelled registration adds nothing to opposer’s claim of trademark rights in the mark.

One last claim of opposer to trademark protection for the name Romulan in connection with printed matter involves the listing in the aforementioned price guide of scripts of episodes of STAR TREK and blueprints of Romulan spaceships. Apart from the fact that the price guide is probative only to show that these items are listed therein, the identification of the blueprints as being of Romulan spaceships does not establish trademark usage of the mark in connection with such spaceships nor does mention of the name Romulan in STAR TREK scripts have trademark value.

Finally, opposer has provided photocopies of a number of manuals for use with “STAR TREK--The Role Playing Game”. Several of the manuals involve plots in which the Romulans are featured or otherwise take part. None appears to be marketed as a Romulan game but rather as a STAR TREK game involving Romulans. The claim of trademark rights with respect to games is subject to the same infirmity as was noted as to books about Romulans or comics involving Romulan characters.

Only the use on space ship models appears to have any valid claim to trademark rights. On the photocopy of what appears to be a box, the words STAR TREK Space Ship Set appear, followed by Scale Models With Display Stand:

- * Starship U.S.S. Enterprise
- * Klingon Battle Cruiser
- * Romulan Bird of Prey

This is the closest opposer has come to a showing of trademark use on goods. However, there is nothing in the record to indicate the extent, if any, of sales or advertising of these goods.

^{*5} Based on this record, we find that, although opposer developed a story-line concerning a fictional race called Romulans and has used these characters in connection with its well known STAR TREK episodes, the only usage thereof which approaches the requirement that a mark identify and distinguish the goods or services of one party from similar goods or services of another is that in connection with space ship models. But, lacking any information with regard thereto, the impact of that use of Romulan on the relevant public, if there has been any, cannot be determined.

Considering the question of likelihood of confusion in light of the foregoing, we note that although applicant and opposer are both involved in entertainment services, opposer has failed to establish any use of the term Romulan (or Romulans) as a mark to distinguish its services from similar services of others. As to the effect opposer’s use of Romulan in relation to model space ships is likely to have on this question, even if we assume that there has been moderate sales and advertising

activity, we do not believe that applicant's use of THE ROMULANS to identify its entertainment services would be perceived as related thereto.

Accordingly, the opposition is dismissed.

L.E. Rooney

R.L. Simms

E.J. Seeherman

Members, Trademark Trial and Appeal Board

Footnotes

- 1 Registration No. 1,068,608 issued June 28, 1977, cancelled Section 8.
- 2 Opposer filed a paper on January 6, 1987 (by certificate of mailing) in which it listed, in addition to its testimony depositions, Mr. White's discovery deposition and his answers to interrogatories. In its brief, opposer referred to this paper as a "Notice of Reliance." Said paper is ambiguous insofar as it was entitled a "Notice of Filing Testimony" and listed the testimony depositions taken by opposer as well as its discovery. The former are not required to be filed with a notice of reliance. The latter must be introduced by a notice of reliance (although they may also be introduced through the testimony of a witness). Nonetheless, in the absence of an objection by applicant, said paper has been considered a notice of reliance and the discovery material submitted thereunder as part of the record.
- 3 Whether or not it has been aired is not clear.
- 4 The provisions of the Act refer to service marks as well as trademarks. See Section 3.
- 5 While the statute provides for registration of character names, it does not mean that the name of any character is registrable. It is essential that the character name have been used as a service mark (or a trademark) in order to be eligible for registration. See TMEP § 1301.10.
- 6 Fotonovels was a registered trademark, Registration No. 1,163,665, issued August 4, 1981, cancelled Section 8.
- 7 Introductory material in the publication indicates that "(T)horough descriptions are given when possible ... Manufacturer (where known) is given with color, size, date, and any other pertinent information available."

7 U.S.P.Q.2d 1897 (Trademark Tr. & App. Bd.), 1988 WL 252376

2018 WL 2392963

United States District Court, N.D. California.

LUCASFILM LTD. LLC, et al., Plaintiffs,

v.

REN VENTURES LTD., et al., Defendants.

Case No. 17-cv-07249-RS

|

Signed 04/24/2018

Attorneys and Law Firms

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ORDER DENYING MOTION TO DISMISS

RICHARD SEEBORG, United States District Judge

I. INTRODUCTION

*1 Lucasfilm Ltd. LLC and Lucasfilm Entertainment Company Ltd. LLC (collectively, “Lucasfilm”) bring this action against defendants Ren Ventures, Ltd., and Sabacc Creative Industries Ltd., alleging copyright and trademark infringement in connection with defendants' mobile game app “Sabacc—The High Stakes Card Game.” Defendants argue that Lucasfilm does not own trademark rights in “Sabacc” and therefore move to dismiss six of the eight claims for relief asserted in the complaint, which are predicated on the existence of those rights. They also move for dismissal of three claims for failure to plead fraud with particularity. For the reasons explained below, the motion is denied.

II. BACKGROUND¹

The 1977 release of the motion picture *Star Wars* launched an iconic franchise that has grown over

the last four decades to incorporate movies, television series, books, and comic books. The fictional *Star Wars* universe is inhabited by recognizable characters, creatures, extraterrestrial locations, spaceships, and games. The Sabacc card game is an element of the *Star Wars* franchise, helps frame the *Star Wars* story, and is an important part of *Star Wars* lore. It is most prominently associated with the character of Han Solo, who won his spaceship the *Millennium Falcon* by beating Lando Calrissian in a game of Sabacc. Fans of *Star Wars* understand and acknowledge the significance of Sabacc in the *Star Wars* franchise, and they associate Sabacc with Lucasfilm.

Sabacc first appeared in a draft screenplay for the 1980 motion picture *Star Wars V: The Empire Strikes Back*. The game was included in the 1980 novelization of *The Empire Strikes Back*, in reference to a mining colony that Lando claimed to have won in a “sabacc match.” A trilogy of novels about Lando Calrissian, published in 1983, includes a volume that explains the rules of Sabacc, which is a betting game in which the goal is to finish with a hand as close as possible to positive or negative 23 without going over. At various intervals, the players' hands change at random (the “Sabacc shift”) unless they are placed in an “interference field” that reveals their value to the other players. The novels also tell the story of the fateful game of Sabacc that resulted in Lando losing the *Millennium Falcon* to Han Solo.

In the decades since crafting “Sabacc,” Lucasfilm and its licensees have used the mark on, or in connection with, a variety of products including card games, comic books, and television episodes. Because “Sabacc” is a coined term, it is an inherently distinctive and inherently protectable trademark. As a result of the long and extensive use of the “Sabacc” mark by Lucasfilm and its licensees, the public recognizes it as uniquely associated with Lucasfilm and the *Star Wars* franchise.

Defendants Ren Ventures and Sabacc Creative promote and distribute a mobile game app titled “Sabacc—The High Stakes Card Game”, which allows users to play an online card game as a single player or against others (the “Sabacc app”). The app is free to consumers via the Apple App Store and Google Play store, but is monetized through “in-app purchases” or opportunities to spend money within the game. The Sabacc app page in the Apple App Store makes many references to events, places, and

well-known phrases from the *Star Wars* franchise such as: (a) “From a Cantina far, far away to your mobile device, welcome to the world’s largest Sabacc site.”; (b) “[B]ecome a Cloud City legend!”; (c) “Go bust? Don't worry, we won't take your ship!” The page also features *Star Wars*-inspired imagery. The Sabacc app mimics the appearance and rules of the fictional Sabacc game that appears in the products of Lucasfilm and its licensees. The mobile game, along with its advertising and marketing, intentionally capitalizes on the goodwill of the “Sabacc” mark and the *Star Wars* franchise.

*2 Ren Ventures obtained a federal registration for the mark “Sabacc” on August 23, 2016 (No. 5,025,710), representing to the U.S. Patent and Trademark Office that it has ownership rights in the “Sabacc” mark and claiming a priority date of November 20, 2015. The registration covers goods in Class 9 (cinematographic and photographic devices), and Class 41 (entertainment services). Lucasfilm has filed a petition to cancel the “Sabacc” registration with the USPTO, which is pending.

On December 21, 2017, Lucasfilm filed this action. Claims Three, Five, Six, Seven, and Eight of the complaint allege federal and common-law trademark infringement and unfair competition based on defendants' use of various trademarks claimed by Lucasfilm, including the “Sabacc” mark. In Claim Four, Lucasfilm seeks cancellation of defendants' federal trademark registration for the “Sabacc” mark.

III. LEGAL STANDARD

A complaint must contain “a short and plain statement of the claim showing that the pleader is entitled to relief.” *Fed. R. Civ. P. 8(a)(2)*. While “detailed factual allegations are not required,” a complaint must have sufficient factual allegations to “state a claim to relief that is plausible on its face.” *Ashcroft v. Iqbal*, 566 U.S. 662, 678 (2009) (citing *Bell Atlantic v. Twombly*, 550 U.S. 544, 570 (2007)). A claim is facially plausible “when the pleaded factual content allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Id.* This standard asks for “more than a sheer possibility that a defendant acted unlawfully.” *Id.* The determination is a context-specific task requiring the court “to draw on its judicial experience and common sense.” *Id.* at 679. *Federal Rule of Civil Procedure 9(b)*, meanwhile, requires

that, “[i]n alleging fraud or mistake, a party must state with particularity the circumstances constituting fraud or mistake.” To satisfy this pleading standard, a plaintiff must allege the “who, what, where, when, and how” of the alleged misconduct. *Cooper v. Pickett*, 137 F.3d 616, 627 (9th Cir. 1997) (citation and internal quotation marks omitted). The *Rule 9(b)* pleading standard “applies to all elements of a securities fraud action.” *Oregon Pub. Employees Ret. Fund v. Apollo Grp. Inc.*, 774 F.3d 598, 605 (9th Cir. 2014). In actions governed by the Private Securities Litigation Reform Act (“PSLRA”), such as this one, these pleading standards are subject to further refinement, as discussed in more detail below.

A motion to dismiss a complaint under *FRCP Rule 12(b)(6)* tests the legal sufficiency of the claims alleged in the complaint. *See Parks Sch. of Bus., Inc. v. Symington*, 51 F.3d 1480, 1484 (9th Cir. 1995). Dismissal under *Rule 12(b)(6)* may be based on either the “lack of a cognizable legal theory” or on “the absence of sufficient facts alleged under a cognizable legal theory.” *UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 718 F.3d 1006, 1014 (9th Cir. 2013). When evaluating such a motion, the Court must “accept all factual allegations in the complaint as true and construe the pleadings in the light most favorable to the nonmoving party.” *Knievel v. ESPN*, 393 F.3d 1068, 1072 (9th Cir. 2005). When a plaintiff has failed to state a claim upon which relief can be granted, leave to amend should be granted unless “the complaint could not be saved by any amendment.” *Gompper v. VISX, Inc.*, 298 F.3d 893, 898 (9th Cir. 2002) (citation and internal quotation marks omitted).

IV. DISCUSSION

*3 To prevail on their trademark infringement claims², Lucasfilm must prove common-law trademark rights in “Sabacc” that predate use of the mark by defendants. *See Spin Master, Ltd. v. Zobmondo Entertainment, LLC*, 944 F. Supp. 2d 830, 850 (C.D. Cal. 2012) (quoting *Am. Petrofina, Inc. v. Petrofina of Cal., Inc.*, 596 F.2d 896, 897 (9th Cir. 1979)). Trademark priority is also a prerequisite for Lucasfilm’s cancellation claim. *See 578539 B.C., Ltd. v. Kortz*, 2015 WL 12670488 at *13 (C.D. Cal. Apr. 10, 2015). At the pleading stage, the question is whether Lucasfilm adequately alleges the use of the “Sabacc” mark in commerce prior to the federal registrant’s date of first use (November 2015), and continuous use of the mark in

commerce from the alleged date of first use through to the present. See *Watec Co. v. Liu*, 403 F.3d 645, 654 (9th Cir. 2005) (“A person claiming senior rights in a trademark must establish not only that he or she used the mark before the mark was registered, but also that such use has continued to the present.”) (citing *Casual Corner Assocs., Inc. v. Casual Stores of Nevada, Inc.*, 492 F.2d 709, 712 (9th Cir. 1974)).

A. Lucasfilm’s Use of the Sabacc Mark

Trademark law protects the “use” of a word or term in a manner that identifies the source of goods or services, and distinguishes them from the goods and services of others. See *Au-Tomotive Gold, Inc. v. Volkswagen of America, Inc.*, 457 F.3d 1062, 100 (9th Cir. 2006). Defendants argue that Lucasfilm’s allegations of trademark use of “Sabacc” are implausible because the name of a fictional good or service in an expressive work does not function as a mark for that fictional good or service. According to defendants, fictional goods do not exist and thus cannot be placed in commerce—hence the name of the good is not a source identifier for a product that can be distinguished in commerce. See *Fortres Grand Corp. v. Warner Bros. Entm’t Inc.*, 947 F. Supp. 2d 922, 924 (N.D. Ind. 2013) (finding defendant’s “The Dark Knight Rises” motion picture film did not infringe upon plaintiff’s trademark because the term “clean slate” referred to a fictional software product). This argument misconstrues the nature of Lucasfilm’s allegations. Lucasfilm does not claim ownership of the “Sabacc” mark as a source identifier for a fictional card game product. Rather, “Sabacc” functions as a mark for Lucasfilm and the *Star Wars* franchise, which are real entities that exist in commerce. *Star Wars* has extensive licensing and merchandising arms that make use of the franchise’s fanciful elements in order to sell entertainment products, including Sabacc card game products. The crux of Lucasfilm’s claims is that defendants use the “Sabacc” mark with the intention that consumers associate their unlicensed product with the *Star Wars* franchise and its licensed products.

Defendants next contend that the name of a fictional good or service in an expressive work does not function as a mark for the expressive work in which the fictional good or service appears. On the contrary, courts have long held that fictional elements of expressive works can function as trademarks when those elements symbolize the plaintiff or its product to the consuming public. See *DC Comics, Inc. v. Filmation Assocs.*, 486 F. Supp. 1273,

1277 (S.D.N.Y. 1980). Following this principal, courts have extended trademark protection to the “General Lee” car from the television series “The Dukes of Hazzard,” see *Warner Bros., Inc. v. Gay Toys, Inc.*, 658 F.2d 76, 78 (2d Cir. 1981), the fictional restaurant “The Krusty Krab” from the “SpongeBob SquarePants” television series, see *Viacom Int’l Inc. v. IJR Capital Invs., LLC*, 242 F. Supp. 3d 563, 569 (S.D. Tex. 2017), the “Hobbit” characters from J.R.R. Tolkien’s works, see *Warner Bros. Entm’t v. Glob. Asylum, Inc.*, No. CV 12-9547, 2012 WL 6951315 at *3-5 (C.D. Cal. Dec. 10, 2012), the fictional element “Kryptonite” associated with Superman comics, see *DC Comics v. Kryptonite Corp.*, 336 F. Supp. 2d 324, 332, 35 (S.D.N.Y. 2004), and the physical appearance of the E.T. character from its titular motion picture film, see *Universal City Studios, Inc. v. J.A.R. Sales, Inc.*, No. 82-4892, 1982 WL 1279 at *4 (C.D. Cal. Oct. 20, 1982).

*4 In the face of this weight of authority, defendants point to several administrative decisions from the Trademark Trial and Appeal Board (TTAB) where the Board refused to recognize certain fictional elements as being trademarks. See Mot. to Dismiss at 17-18. Yet these decisions merely suggest that fanciful elements do not *always* function as marks for the expressive works in which they appear, not that they may *never* do so. For example, in *Paramount Pictures Corp. v. Romulan Invasions*, 7 U.S.P.Q.2d 1897 (T.T.A.B. Mar. 31, 1988), Paramount sought to enjoin a rock band from registering “The Romulans” as the group’s name, on the grounds that “Romulans” are a fictional alien race appearing in the *Star Trek* franchise. While the Board provided no explanatory reasoning for its conclusion that Paramount’s use of the name did not confer trademark rights, a reasonable consumer would not likely assume the rock band was affiliated with the *Star Trek* franchise on account of its name alone. Thus, the Board concluded Paramount’s use of “Romulans” should not preclude registration of the rock band’s name.

Here, Lucasfilm alleges that Sabacc is a fictional element of the *Star Wars* universe, and that the game is associated with an important episode in the franchise’s storyline—Han Solo’s acquisition of his famous *Millennium Falcon*. The game has appeared in *Star Wars* novels, games, television episodes, and a visual dictionary. As a consequence, the word “Sabacc” signifies Lucasfilm and the *Star Wars* franchise in the minds of the consuming

public. At the pleading stage, Lucasfilm has made a sufficient showing to survive a motion to dismiss.

Defendants' remaining attacks on Lucasfilm's allegations of trademark use raise matters of factual dispute that cannot be resolved at the pleading stage. They argue that "Sabacc" is not a mark for *Star Wars* products because the "Star Wars" mark on those products is the source-identifier for the *Star Wars* franchise. As "it is well established that a product can bear more than one trademark,"³ the presence of the "Star Wars" mark on products also bearing the "Sabacc" mark does not, as a matter of law, mean "Sabacc" cannot independently signify the *Star Wars* franchise. Defendants also contend that the word "Sabacc" on the packaging and instruction sheet to a card game pack is a generic name not associated with any single source, and that the characters written in Lucasfilm's fictional Aurebesh language on another product do not really spell "Sabacc". Again, whether the use of "Sabacc" in each of these contexts is source-identifying is a highly fact-dependent inquiry. Lucasfilm expressly alleges in the complaint that the use of "Sabacc" on *Star Wars* branded products invokes the *Star Wars* franchise, and that the Aurebesh characters on one product translate to "Sabacc." To the extent defendants dispute the factual basis for these allegations, they may raise those at summary judgment or at trial.

B. Continuous Use

Defendants' challenges to Lucasfilm's allegations of continuous use are also unavailing. "To be continuous use, the use must be maintained without interruption." *Spin Master*, 944 F. Supp. 2d at 851. Seizing upon gaps in time between the various uses of the "Sabacc" mark identified in the complaint, defendants conclude that Lucasfilm's "sporadic" use of the mark is insufficient to establish continuous use. On the contrary, Lucasfilm expressly alleges in its complaint that "[i]n the decades since the coining of 'Sabacc' and continuing to the present day, Plaintiffs and their licensees have used the Sabacc Mark on or in connection with card games, mobile games, video games, magazines, comic books, novels, television episodes, a live theme park experience, and a major motion picture." Compl. ¶ 19. While the complaint lists many of these uses by way of example, it does not purport to provide an exhaustive accounting. Even if the complaint were to contain a definitive list of all claimed uses of the "Sabacc" mark, whether each use

is "continuing" is a question of fact that cannot be determined on the pleadings alone. Defendants provide no authority for the proposition that Lucasfilm is required to release a new product bearing the "Sabacc" mark *each year* in order to maintain continuous use. It may be sufficient, for example, that the products identified in the complaint remain popular and continue to circulate in commerce years after their unveiling. Accordingly, Lucasfilm has alleged enough facts to raise a plausible inference that it has established trademark priority through continuing use of the "Sabacc" mark.

C. Satisfaction of Rule 9(b)'s Heightened Pleading Standard

*5 Defendants seek dismissal of Claims Six through Eight in their entirety on the grounds that each is subject to the heightened requirements for pleading fraud under [Federal Rule of Civil Procedure 9\(b\)](#). Claims Six and Seven plead "fraud" solely in connection with Lucasfilm's request for punitive damages. See Compl. ¶¶ 68, 72 ("In addition, Defendants are guilty of oppression, fraud, and malice within the meaning of [Cal. Civ. Code § 3294](#)."). Under [Rule 9\(b\)](#), a plaintiff in federal court is entitled to "include a 'short and plain' prayer for punitive damages that relies entirely on unsupported and conclusory averments of malice or fraudulent intent." See *Rees v. PNC Bank, N.A.* 308 F.R.D. 266, 273-74 (N.D. Cal. 2015). Here, Lucasfilm has alleged that defendants were actually aware of its prior use of the "Sabacc" mark and nonetheless persisted with their infringing conduct. The complaint also suggests that defendants intended to mislead consumers into believing that their allegedly infringing product was licensed by the *Star Wars* franchise. These conclusory averments are sufficient to support a prayer for punitive damages.

Claim Eight asserts a claim for relief under [Section 17200 of the California Business and Professions code](#) (Unfair Competition Law or "UCL") on the grounds that defendant's conduct was "unfair," "unlawful," and "fraudulent." Lucasfilm argues that Claim Eight is not subject to [Rule 9\(b\)](#)'s requirements because it is grounded in likelihood of confusion and not a "unified course of fraudulent conduct." See *Kearns v. Ford Motor Co.*, 567 F.3d 1120, 1125 (9th Cir. 2009) ("A plaintiff may allege a unified course of fraudulent conduct and rely entirely on that course of conduct as the basis of that claim. In that event, the claim is said to be 'grounded in fraud' or to 'sound in fraud,' and the pleading ... as a whole

must satisfy the particularity requirement of [Rule 9\(b\)](#).”) While Claim Eight as a whole need not satisfy [Rule 9\(b\)](#), the rule does apply to any specific averments of fraudulent conduct within the claim. See *Vess v. Ciba-Geigy Corp. USA*, 317 F.3d 1097, 1104 (9th Cir. 2003) (where a plaintiff chooses “to allege some fraudulent and some non-fraudulent conduct[,] ... only the allegations of fraud are subject to [Rule 9\(b\)](#)’s heightened pleading requirements.”); see also *Hutchins v. Nationstar Mortgage LLC*, 2017 WL 4224720 at *13 (N.D. Cal. Sept. 22, 2017) (“Additionally, however, claims under the ‘fraudulent’ prong of the UCL must be pled with particularity as to the circumstances constituting fraud or mistake.”). “[I]f particular averments of fraud are insufficiently pled under [Rule 9\(b\)](#), a district court should ‘disregard’ those averments, or ‘strip’ them from the claim.” *Vess*, 317 F.3d at 1105.

Although the complaint alleges defendants' conduct “is likely to deceive customers into believing that Plaintiffs endorsed, sponsored, approved, or were affiliated, connected, or otherwise associated with Defendants or

their products,” this bare recitation of the elements of a claim under the UCL’s fraudulent prong do not meet the particularity requirements of [Rule 9\(b\)](#). Because, however, the allegations of the complaint support a claim under the “unlawful” and “unfair” prongs of the UCL, Claim Eight is dismissed with leave to amend only to the extent it advances a claim on the “fraud” prong. In the event plaintiffs elect to file an amended Claim Eight, they must do so within 21 days of the date of this order.

V. CONCLUSION

For the reasons set forth above, defendants' motion to dismiss is denied.

IT IS SO ORDERED.

All Citations

Slip Copy, 2018 WL 2392963, 126 U.S.P.Q.2d 1515

Footnotes

- 1 All facts recited in this section are drawn from the complaint and taken as true for the purposes of deciding this motion.
- 2 At the hearing on the motion to dismiss, defendants clarified that they only seek dismissal of Claims Three, Five, Six, Seven, and Eight of the complaint insofar as they pertain to the “Sabacc” mark specifically. They do not challenge the claims with respect to Lucasfilm’s other claimed trademarks.
- 3 *SunEarth, Inc. v. Sun Earth Solar Power Co.*, 846 F. Supp. 2d 1063, 1075 (N.D. Cal. 2012).

336 F.Supp.2d 324
United States District Court,
S.D. New York.

DC COMICS, Plaintiff,
v.
KRYPTONITE CORPORATION, Defendant.

No. 00 CV 5562 (RO).
|
Sept. 20, 2004.

Synopsis

Background: Comic book publisher sued manufacturer of bicycle locks and accessories, alleging breach of contract, trademark infringement, unfair competition, trademark dilution, and related state law claims. Manufacturer asserted counterclaims for rescission, declaration of no trademark rights, breach of contract, cancellation of trademark registration, and injunctive relief. Manufacturer moved for summary judgment, and publisher cross-moved for partial summary judgment.

Holdings: The District Court, [Owen, J.](#), held that:

[1] factual issues precluded summary judgment for manufacturer on breach of contract claim;

[2] publisher owned valid trademarks, protected under Lanham Act, in term “Kryptonite,” that fictional element's green glowing appearance, and other related indicia;

[3] factual issues precluded summary judgment for manufacturer on publisher's trademark and unfair competition claims under Lanham Act;

[4] publisher did not breach trademark settlement agreement by entering into licensing agreements with third parties;

[5] factual issues precluded summary judgment for publisher on manufacturer's contract claim;

[6] publisher did not abandon mark; and

[7] factual issues precluded summary judgment for manufacturer on its claim for injunctive relief.

Motions granted in part and denied in part.

West Headnotes (22)

[1] **Federal Civil Procedure**

🔑 **Contract Cases in General**

In contract cases, when contract language is ambiguous, the differing interpretations of the contract present a triable issue of fact making summary judgment not appropriate.

[Cases that cite this headnote](#)

[2] **Contracts**

🔑 **Existence of Ambiguity**

Contract language is “ambiguous” if it is capable of more than one meaning when viewed objectively by a reasonably intelligent person who has examined the context of the entire integrated agreement.

[Cases that cite this headnote](#)

[3] **Contracts**

🔑 **Existence of Ambiguity**

Contract language is not “ambiguous” if it has a definite and precise meaning, unattended by danger of misconception in the purport of the contract itself, and concerning which there is no reasonable basis for a difference of opinion.

[Cases that cite this headnote](#)

[4] **Federal Civil Procedure**

🔑 **Contract Cases in General**

Material issues of fact existed with regard to what constituted “security device and accessories” under trademark use agreement between comic book publisher and manufacturer of bicycle locks and accessories, with regard to whether agreement

covered only products being made by manufacturer when agreement was executed, and with regard to whether manufacturer had associated itself with publisher's characters or comic books in violation of agreement, precluding summary judgment for manufacturer on publisher's breach of contract claim.

[Cases that cite this headnote](#)

[5] Trademarks

🔑 [Unfair Competition](#)

Trademarks

🔑 [Infringement](#)

To establish claims of trademark infringement and unfair competition under Lanham Act, plaintiff must demonstrate (1) that it has a valid mark that is entitled to protection under the Act, and (2) that there exists a likelihood of confusion that consumers will be misled or confused as to the source of the goods in question. Lanham Trade–Mark Act, §§ 32(1), 43(a), 15 U.S.C.A. §§ 1114(1), 1125(a).

[1 Cases that cite this headnote](#)

[6] Trademarks

🔑 [Indication of Origin or Ownership;](#)

[Identification](#)

Trademarks

🔑 [Nonliteral Elements](#)

Comic book publisher owned valid trademarks, protected under Lanham Act, in term “Kryptonite,” that fictional element's green glowing appearance, and other related indicia, given that, as a result of broad dissemination throughout all media, “Kryptonite” was immediately recognized or associated with publisher's superhero character, and thus served to identify the entertainment and other goods and services created, distributed, and licensed by or on behalf of publisher. Lanham Trade–Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

[1 Cases that cite this headnote](#)

[7] Trademarks

🔑 [Nonliteral Elements](#)

Trademarks

🔑 [Form, Features, or Design of Product as Marks; Trade Dress](#)

When the product sold by plaintiff is “entertainment” in one form or another, then not only the advertising of the product but also an ingredient of the product itself can amount to a trademark protectable under Lanham Act, inasmuch as the ingredient can come to symbolize plaintiff or its product in the public mind. Lanham Trade–Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

[1 Cases that cite this headnote](#)

[8] Trademarks

🔑 [Nonliteral Elements](#)

Trademarks

🔑 [Form, Features, or Design of Product as Marks; Trade Dress](#)

“Ingredients” of entertainment property protectable under Lanham Act include the names and nicknames of entertainment characters and their physical appearances and costumes, but not their physical abilities or personality traits. Lanham Trade–Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

[Cases that cite this headnote](#)

[9] Trademarks

🔑 [Persons Confused; Circumstances of Sale](#)

In analyzing the likelihood of confusion in the context of trademark infringement or unfair competition claim under Lanham Act, court must determine whether numerous ordinary purchasers are likely to be misled or confused as to the source of the product in question because of the entrance in the marketplace of defendant's mark. Lanham Trade–Mark Act, §§ 32(1), 43(a), 15 U.S.C.A. §§ 1114(1), 1125(a).

[1 Cases that cite this headnote](#)

[10] Trademarks**🔑 Factors Considered in General**

Eight factors that courts should consider in determining whether a likelihood of confusion exists for purposes of trademark infringement or unfair competition claim under Lanham Act include (1) the strength of mark, (2) similarity of defendant's mark, (3) competitive proximity of the products, (4) the likelihood that mark holder will bridge the gap by entering defendant's market, (5) actual confusion between the products, (6) good faith on defendant's part, (7) the quality of defendant's product, and (8) sophistication of buyers. Lanham Trade-Mark Act, §§ 32(1), 43(a), 15 U.S.C.A. §§ 1114(1), 1125(a).

[Cases that cite this headnote](#)

[11] Federal Civil Procedure**🔑 Copyright, Trademark, and Unfair Competition Cases**

Summary judgment in a trademark action is appropriate when the undisputed evidence would lead to only one conclusion as to whether confusion is likely. Lanham Trade-Mark Act, §§ 32(1), 43(a), 15 U.S.C.A. §§ 1114(1), 1125(a).

[Cases that cite this headnote](#)

[12] Federal Civil Procedure**🔑 Copyright, Trademark, and Unfair Competition Cases**

Material issues of fact existed as to whether there was likelihood of confusion at the consumer level with regard to origin of goods of manufacturer of bicycle locks and accessories and of comic book publisher based on use of “Kryptonite” mark, precluding summary judgment for manufacturer on publisher's claims for trademark infringement and unfair competition under Lanham Act. Lanham Trade-Mark Act, §§ 32(1), 43(a), 15 U.S.C.A. §§ 1114(1), 1125(a).

[Cases that cite this headnote](#)

[13] Compromise and Settlement**🔑 Impeachment or Setting Aside**

Manufacturer of bicycle locks and accessories could not show that public injury would result if manufacturer was held to its trademark settlement agreement with comic book publisher, and thus was not entitled to rescission of contract.

[Cases that cite this headnote](#)

[14] Compromise and Settlement**🔑 Impeachment or Setting Aside**

To obtain rescission of a freely bargained trademark settlement agreement, party must show that the public interest will be significantly injured if the contract is allowed to stand.

[Cases that cite this headnote](#)

[15] Compromise and Settlement**🔑 Performance or Breach of Agreement**

Comic book publisher did not breach trademark settlement agreement with manufacturer of bicycle locks and accessories by entering into licensing agreements with third parties, given that settlement agreement was formed after publisher entered into one such licensing agreement, and that second challenged agreement was settlement, not licensing, agreement.

[Cases that cite this headnote](#)

[16] Federal Civil Procedure**🔑 Contract Cases in General**

Material issues of fact existed as to whether, through its licensing of bicycle products, comic book publisher violated provision of trademark settlement agreement in which it agreed not to use its marks on certain products assigned by settlement agreement to manufacturer of bicycle locks and accessories, precluding summary judgment for publisher on manufacturer's breach of contract claim.

[Cases that cite this headnote](#)

[17] Trademarks

Particular Cases

Comic book publisher did not stop using “Kryptonite” trademark, or demonstrate any intent not to resume use, and thus did not abandon mark, given that, since its introduction in radio program as part of superhero story, mark was regularly featured in publisher's comic books, motion pictures, and television programs, mark regularly appeared on licensed consumer merchandise, and mark or its appearance were used in connection with consumer products such as toys, apparel, books, calendars, games, greeting cards, novelty items, and video games.

[2 Cases that cite this headnote](#)

[18] Trademarks

Extent of Use; Discontinuance and Non-Use

To establish claim that mark holder has abandoned its rights in trademark, plaintiff is required to demonstrate (1) non-use by mark holder and (2) an intent not to resume use.

[Cases that cite this headnote](#)

[19] Trademarks

Nature and Manner of Use

When considering whether a mark has been abandoned, the court must consider the trademark owner's business to determine what constitutes use of the mark.

[Cases that cite this headnote](#)

[20] Trademarks

Incontestability in General

Trademarks

Validity, Ownership, and Use

Mark holder's federal registrations of “Kryptonite” trademark were incontestable

under Lanham Act, which precluded manufacturer of bicycle locks and accessories from challenging holder's use of mark on t-shirts as not trademark use. Lanham Trade-Mark Act, § 15, 15 U.S.C.A. § 1065.

[2 Cases that cite this headnote](#)

[21] Federal Civil Procedure

Copyright, Trademark, and Unfair Competition Cases

Material issues of fact existed regarding proper scope of definitions, under trademark settlement agreement, of products of manufacturer of bicycle locks and accessories and of products of comic book publisher, precluding summary judgment for manufacturer on its claim to enjoin publisher from using and registering mark in connection with two-wheeled vehicles.

[Cases that cite this headnote](#)

[22] Trademarks

Alphabetical Listing

Kryptonite.

[Cases that cite this headnote](#)

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OPINION AND ORDER

OWEN, District Judge.

DC Comics, the publisher of comic books and magazines featuring Superman, filed the instant action in 2000 against Kryptonite Corporation (“KC”), the manufacturer of bicycle locks and accessories, alleging

breach of contract, trademark infringement, unfair competition, trademark dilution, and related state law claims. KC, in turn, alleges as counter-claims: rescission, a declaration that DC Comics has no trademark rights in kryptonite, breach of contract, cancellation of DC Comics' trademark registration, and enjoining DC Comics from using and registering kryptonite for certain uses.

KC moves this Court for summary judgment on all the claims in DC Comics' complaint. DC Comics cross-moves for partial summary judgment on KC's counter-claims.

For the reasons set forth below, KC's motion for summary judgment is denied and DC Comics' motion for partial summary judgment is granted in part and denied in part.

Background

"Bullets! ... Fire! ... Bombs! ... Acid! I'm immune to them all! But kryptonite is my Achilles heel ... the only substance in the world that can harm me!" Levitz Decl. ¶ 30.

The story of Superman is well known: While still an infant, Superman was sent by his parents to Earth aboard a space ship from his home planet Krypton. On Earth, Superman is secretly possessed of extraordinary physical abilities, including superhuman strength and speed, x-ray vision, the ability to fly, and the ability to withstand bullets. Superman's sole weakness is his vulnerability to several forms of Kryptonite, an element from Superman's home planet. The most well known form of Kryptonite is Green Kryptonite, which weakens and can kill Superman. DC Comics has also featured a variety of other forms of Kryptonite, including Gold Kryptonite, Blue Kryptonite, and Anti-Kryptonite. Compl. ¶ 9–22.

DC Comics invented Kryptonite in connection with the radio program *The Adventures of Superman* in 1943 and Kryptonite first appeared in movies in 1948 and in comic books in 1949. Writers at DC Comics have referred to Kryptonite as "the one substance that ... can overpower the Man of Steel," "Superman's one fatal flaw," and "the ghastly green substance" that is "the only thing the Man of Steel has to fear in the entire universe." Levitz Decl. ¶ 30.

Kryptonite Corporation ("KC") is a manufacturer of bicycle and motorcycle locks and accessories. KC's predecessor, KBL Corporation (which was short for Kryptonite Bike Lock, hereinafter "KBL") began using

the "kryptonite" trademark on a limited basis in 1972 in connection with its security devices (principally bike locks) without the permission of DC Comics. Compl. ¶ 29.

DC Comics first discovered KBL was using the "kryptonite" trademark in 1976 when KBL applied to register "kryptonite bike locks" with the U.S. Patent and Trademark Office. Thereafter, DC Comics and KBL engaged in a series of correspondence concerning use of the "kryptonite" mark. This correspondence concluded with the execution of an agreement in early 1983 ("the Agreement").

*328 The Agreement limited KBL's use (and by extension KC's use) to the following three marks: "Kryptonite," "Kryptonite and Design," and "Krypto Grip" (collectively "KBL's Marks"). The Agreement limited the use of the KBL Marks to the following products: "(1) security devices and accessories therefore, without limitation, such as mechanical and electronic locking means and accessories therefore, and (2) accessories primarily for two wheeled vehicles, such as handle bar grips ("KBL's products")." See Agreement, at 1.

KBL also agreed it would not expand its use of the KBL Marks to products other than the KBL Products and that KBL would "neither use nor apply for the registration of any Krypt formative marks other than KBL's Marks for KBL's Products." *Id.* at 2.

In addition, the parties agreed that KBL would not associate KBL Products with the "Superman, Superboy, Supergirl, Superkids, Super Jr., and Krypto the Superdog character, word mark and device mark ... and shall not use either the word 'super' or a super formative word in the advertising, promotion, packaging or labeling of the KBL Products." *Id.* at 2.

DC Comics, in turn, agreed (1) it would not use DC's Marks¹ on KBL's Products and (2) it would not use DC's Marks in any manner to indicate that DC's Products² are sponsored by or affiliated with KBL or in any manner associate its products with KBL's Products. *Id.*

DC Comics contends that KC breached the Agreement when, in the late 1990's, KC filed trademark applications indicating an intention to use the "Kryptonite" trademark with products that were well beyond locks and handle

bar grips. For example, according to DC Comics, KC had applied to use KBL's Marks in connection with items including tote bags, briefcases, helmets, pants, jerseys, polishing agents, and computer hardware and software. Compl. ¶ 37.

Additionally, DC argues that KC is using and has applied for and/or registered “Krypto” stem words in violation of the Agreement, including “Kryptonium,” “Kryptoflex,” “Kryptovault,” and “Kryptokoil.” Compl. ¶ 36

Finally, DC Comics contends that KC used the word “super” in “advertising, promotion, packaging or labeling of KBL Products” which is expressly prohibited by the Agreement.

DC Comics also brings claims for infringement, unfair competition and dilution of DC Comics' kryptonite trademark under the Lanham Act, and for related state law claims based upon KC's impermissible use of kryptonite and of other confusingly similar krypto-formative marks and conduct designed to suggest a connection between KC's goods and the Superman legend and to unfairly capitalize on them.

KC filed counter-claims. KC's first counterclaim is for rescission of the Agreement based, among other things, on their claim that the purposes of the Agreement have been “substantially frustrated.” KC's second counterclaim is for a declaration that DC Comics owns no trademark rights in kryptonite on the grounds that DC Comics has not used the words kryptonite or krypt in connection with the sale of goods or services in commerce. KC's third counterclaim is that DC Comics breached the Agreement by, among other *329 things, licensing the use of elements from the Superman Story for use on security devices and accessories for two-wheeled vehicles. KC's fourth counterclaim is for cancellation of DC Comics's trademark registrations of Kryptonite based on alleged non-use. KC's fifth counterclaim is to enjoin DC Comics from using and registering the Kryptonite mark in connection with two-wheeled vehicles.

Summary Judgment Standard

Summary judgment is proper under [Fed.R.Civ.P. Rule 56\(c\)](#) where there are no genuine issues of material fact in dispute and the moving party is entitled to judgment as a matter of law. [Celotex Corp. v. Catrett](#), 477 U.S. 317, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). The party moving

for summary judgment meets its burden by establishing an absence of evidence to support the opposing party's allegations. *Id.* at 325, 106 S.Ct. 2548. The burden then shifts to the non-moving party to “set forth specific facts showing that there is a genuine issue for trial.” [Fed.R.Civ.Pr. 56\(e\)](#).

[1] [2] In contract cases, “where contract language is ambiguous, the differing interpretations of the contract present a triable issue of fact” and thus summary judgment is not appropriate. [Consolidated Edison, Inc. v. Northeast Utilities](#), 249 F.Supp.2d 387, 411 (S.D.N.Y.,2003) (citations omitted). Contract language is ambiguous if it is “ ‘capable of more than one meaning when viewed objectively by a reasonably intelligent person who has examined the context of the entire integrated agreement....’ ” [Sayers v. Rochester Telephone Corp. Supplemental Management Pension Plan](#), 7 F.3d 1091, 1095 (2d Cir.1993) (citations omitted).

[3] “[C]ontract language is not ambiguous if it has a definite and precise meaning, unattended by danger of misconception in the purport of the [contract] itself, and concerning which there is no reasonable basis for a difference of opinion.” [Hunt Ltd. v. Lifschultz Fast Freight, Inc.](#), 889 F.2d 1274, 1277 (2d Cir.1989).

I. Kryptonite Corporation's Motion for Summary Judgment

A. Breach of Contract

KC has moved for summary judgment on the breach of contract claim arguing that there is an absence of evidence to support the DC Comics' allegations of a breach of contract.

1. Definition of KBL Products

[4] KC first argues that the definition of KBL's Products in the Agreement is unambiguous:

- (1) security devices and accessories therefore, without limitation, such as mechanical and electronic locking means and accessories therefore, and
- (2) accessories primarily for two wheeled vehicles such as handle bar grips.

Ag. 2.

KC argues that the plain meaning of this language is that KC can use its marks on *any type* of security device and accessory for two wheeled vehicles in *all* channels of trade without regard to the type of security devices and accessories it was manufacturing or selling in 1983. This interpretation, KC argues, is bolstered by the inclusion of the broad and expansive language “without limitation” and the absence of any limiting terms. KC also argues that the meaning of the terms “security device” and “accessory” are also unambiguous and should be afforded their usual meaning. They argue it is clear that the goods set forth in KC's trademark applications and registrations fit *squarely* within such meanings and do not breach the agreement.

***330** DC Comics, on the other hand, argues that KC's reading ignores the plain language of the Agreement that expressly limited KC to those products with which it had used or registered the mark in 1983. DC Comics also argues that the only plausible reading of the “without limitation” language is that that phrase modifies the language that comes after “such as” and *clarifies* that the specific examples of “security devices” listed were not intended to be the *entire* list of permissible devices. DC Comics also argues that the term “security device” is ambiguous and that KC's attempt to create an unambiguous and “plain” meaning for “security device” by combining dictionary definitions of the words “security” and “device” further proves that the term is ambiguous.

I find that the definition of KBL Products in the Agreement is ambiguous and that there are triable issues of fact regarding what constitutes “security device and accessories” and whether the Agreement only covers products KC was making in 1983.

2. Associating with Superman and use of the word Super.

Next, KC argues that it did not breach the following provision of the Agreement:

KBL shall *not in any manner* indicate or suggest that KBL's Products are or were sponsored by or affiliated with DC, or in any manner associate its products with DC's Products,³ or with DC's Marks,⁴ ... in particular and without limitations KBL shall *not associate* with

the Superman, Superboy, Supergirl, Superkids, Super Jr., and Krypto the Superdog character, word mark and device mark ... and shall not use either the word ‘super’ or a super formative word in the advertising, promotion, packaging or labeling of the KBL Products.

Ag. ¶ 2. (emphasis added)

DC Comics, however, presents evidence of the following actions which they claim constitutes a breach by defendant under the Agreement not to associate its products “in any manner” with “DC's Products” and Superman:

The Glowing Green Brand Identity; comic book-style advertising; dissemination of press articles that associate Superman with KC; dissemination of ads and cartoons referring to Superman; use of phrases associated with Superman, such as “Men of Steel” and “Up, Up and Away,” in promoting its products on its website; dissemination of a photo of KC's founder dressed in a Superman costume; adoption of “Super Villains” and masked cartoon characters reminiscent of DC Comics' comic book characters on the packaging and promotion of a line of products; instructing the designer of KC's web-site to “impart” to KC's site a “comic book style”; a newspaper article concerning KC that began with the phrase “And you thought only Superman was allergic to Kryptonite” which also included KC's address and telephone number.

Pl. Opp. Brief, 11.

I find triable issues of material fact regarding whether KC has breached the Agreement's prohibition against KC associating itself with DC Comics' characters or comic books “in any manner” thus making the breach of contract claim inappropriate for summary judgment.

In addition, as explained in section II–C in more detail, KC's use of the word “super” ***331** is a clear breach which would entitle DC Comics to summary judgment on *its* breach of contract claim.

Accordingly, summary judgment is denied as to the breach of contract claim.

KC raises statute of limitations, equitable estoppel, and waiver arguments, all of which the Court rejects.

B. Trademark Infringement and Unfair Competition

KC next argues that it is entitled to summary judgment on DC Comics' Lanham Act claims for trademark infringement and unfair competition. The Lanham Act prohibits the use of:

any reproduction, counterfeit, copy or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

15 U.S.C. § 1114(1).

In addition, the Lanham Act also protects both registered and unregistered marks against the use of:

any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which ... is likely to cause confusion, or to cause 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 by another person ...

15 U.S.C. § 1125(a).

[5] For both Lanham Act claims, DC Comics must demonstrate (1) that it has a valid mark that is entitled to protection under the Act and (2) that there exists a *likelihood of confusion* that consumers will be misled or confused as to the *source* of the goods in question. *Yurman Design, Inc. v. PAJ, Inc.* 262 F.3d 101 (2d Cir.2001) at 115.

1. Ownership of valid mark

KC argues that DC Comics' use of Kryptonite does not qualify for protection under the Lanham Act because DC Comics has not used Kryptonite as a brand name or trademark to indicate the source of its goods.

KC argues that DC Comics does not own the trademark in Kryptonite because DC Comics has never *used* the mark in commerce the only evidence of use is as a story element. KC argues that Kryptonite is simply a fictitious substance that appears in the Superman story for *narrative*—not source identifying purposes. According to KC, Kryptonite is one small part of the overall *content* of a comic book story used in the story to describe a fictitious substance and enhance the story *-not* to identify or designate the source of a real product or service. KC contends that the word “kryptonite” (except as a name for KC's locks and other products) has no commercial meaning identifying the source of goods or services.

DC Comics, on the other hand, argues that it has made significant *use* of Kryptonite as a trademark on products *other than* comic products and motion picture products. For example, DC Comics argues it has used Kryptonite with merchandise such as toys, apparel, books, calendars, games, greeting cards, novelty items, and video games. In addition, DC Comics argues that it owns two trademark registrations for the use of Kryptonite on t-shirts which are incontestable (Number 1,231,983 registered 3/22/1983, and number 1,239,506 registered 5/24/1983).

***332 Analysis**

[6] [7] KC has failed to establish that as a matter of law that DC Comics does not own a trademark in Kryptonite. The Second Circuit has repeatedly held that the Lanham Act protects “a broad spectrum of marks, symbols, design elements and characters which the public directly associates with the plaintiff or its product.” *Warner Bros., Inc. v. Gay Toys, Inc.*, 658 F.2d 76, 78 (2d Cir.1981). It remains undisputed law of this Circuit that:

where the product sold by plaintiff is ‘entertainment’ in one form or another, then not only the advertising of the product but also an ingredient of the product itself can amount to a trademark protectable under § 43(a) because the *ingredient* can come to symbolize the

plaintiff or its product in the public mind.

DC Comics, Inc. v. Filmation Associates, 486 F.Supp. 1273, 1277 (S.D.N.Y.1980) (emphasis added).

[8] Protectable “ingredients” recognized in this circuit include the names and nicknames of entertainment characters (“bionic” man and woman), as well as their physical appearances and costumes, but not their physical abilities or personality traits. *Id.* See also, *Warner Bros. v. Gay Toys*, 658 F.2d 76, 78 (2d Cir.1981); *Universal City Studios, Inc. v. T-Shirt Gallery, Ltd.*, 634 F.Supp. 1468, 1476, n. 9 (S.D.N.Y.1986) (“[i]t is not disputed that section 43(a)'s protections ‘extend to the specific ingredients of a successful T.V. series’ ”).

In *DC Comics, Inc. v. Powers*, which is directly on point, an infringer attempted to publish a magazine under name “The Daily Planet”—the same name as the fictitious newspaper that employs Superman's alter ego, Clark Kent. There was nothing in the record that showed that DC Comics had used “The Daily Planet” on a product in the traditional trademark sense. However, the Court found that, because over time there had grown such a close association between the “The Daily Planet” and Superman, that DC Comics owned protectable rights in “The Daily Planet.” 465 F.Supp. 843, 847 (S.D.N.Y.1978).

The factual record here demonstrates that DC Comics does own a valid trademark in Kryptonite. Kryptonite is an ingredient of an entertainment property (Superman) and is a protectable symbol under the Lanham Act. Kryptonite is closely associated with Superman resulting from DC Comics' 60 years of use of Kryptonite with Superman.

Here, I find that Kryptonite is an element associated with Superman entertainment products and it is thus entitled to protection. DC Comics' predecessor first introduced Kryptonite into the Superman story as part of the Superman radio program in 1943. Since that time, Kryptonite has been a staple of the Superman character and story. For example, several recurring characters created by DC Comics are based entirely around Kryptonite: the Kryptonite Kid, the Kryptonite Man, and Metallo (a villain powered by Kryptonite). Kryptonite has regularly appeared on licensed consumer merchandise over the years and the Kryptonite mark

or the appearance of Kryptonite have been used in connection with consumer products such as toys, apparel, books, calendars, greeting cards, novelty items, and video games.

As a result of broad dissemination throughout all media, the fictional element Kryptonite, including its graphic depiction, has come to be recognized as a powerful symbol, and is immediately recognized or associated with the character Superman. As such, Kryptonite also serves to identify the entertainment and other goods and services created, distributed and/or licensed by or on behalf of DC Comics. Kryptonite, its green glowing appearance, *333 and other related indicia thus represent trademarks of DC Comics.

2. Likelihood of Confusion

[9] As to the second element of trademark infringement, KC argues DC Comics cannot prove there is a likelihood of confusion as to the origin of the goods at the consumer level between DC Comics' mark and KC's mark. In analyzing the likelihood of confusion, this Court must determine whether numerous ordinary purchasers are “likely to be misled or confused as to the source of the product in question because of the entrance in the marketplace of defendant's mark.” *Gruner + Jahr USA Publ'g v. Meredith Corp.*, 991 F.2d 1072, 1077 (2d Cir.1993).

[10] [11] The Second Circuit has set forth a set of eight factors for courts to consider in determining whether a likelihood of confusion exists: (1) the strength of DC Comics' mark; (2) the similarity of the DC Comics' mark; (3) the competitive proximity of the products; (4) the likelihood that the DC Comics will “bridge the gap” by entering KC's market; (5) actual confusion between the products; (6) good faith on KC's part; (7) the quality of KC's product; and (8) sophistication of buyers. See *Polaroid Corp. v. Polaroid Elec. Corp.*, 287 F.2d 492, 495 (2d Cir.1961). Summary judgment in a trademark action is appropriate where the undisputed evidence would lead to only one conclusion as to whether confusion is likely. *Cadbury Beverages, Inc. v. Cott Corporation*, 73 F.3d 474, 478 (2d Cir.1996).

Analysis

[12] Summary judgment is not appropriate here because there are a number of triable issues of fact regarding

likelihood of confusion. For example, KC argues that there is no actual confusion between the products. However, DC Comics argues that KC's own founder testified that he has been asked “numerous, numerous, numerous times” whether there is an association between KC and DC Comics.

Accordingly, KC's motion for summary judgment is denied as to all claims, including the trademark and unfair competition claims.

II. DC Comics' Cross-Motion for Partial Summary

Judgment

DC Comics has cross moved for summary judgment on the following counterclaims: 1) rescission of the Agreement; 2) a declaration that D.C. Comics owns no trademark rights in Kryptonite; 3) breach of contract; 4) cancellation of DC Comics' trademark registrations for Kryptonite; and 5) enjoining DC Comics from using and registering the Kryptonite mark in connection with two wheeled vehicles. DC Comics also requested judgment as a matter of law that KC has breached the Agreement by using (a) “Krypt-formative” marks other than Kryptonite and Krypto Grip and (b) the term “Super.”

A. Rescission of the Agreement

[13] KC's first counterclaim for rescission is based in part on DC Comics' (1) alleged authorization of third parties to use Krypt-formative marks; (2) alleged authorization of one of KC's competitors to use Kryptonite; (3) alleged licensing of elements from the Superman story for use on security devices and accessories for two-wheeled vehicles; and (4) alleged abandonment of its trademark rights in Kryptonite.

[14] In order to obtain rescission of a “freely bargained” trademark settlement agreement such as the one at issue in this case, “a party must show that the public interest will be significantly injured if the contract is allowed to stand.” *Times Mirror Magazines, Inc. v. Field & Stream Licenses Company*, 294 F.3d 383, 396 (2d Cir.2002). In *Times Mirror Magazine*, *334 the Court of Appeals went on to hold that “[s]imple fairness requires holding a party to its contract unless adhering to the contract will damage the public and not just a contracting party.” *Id.* The Court defines this damage to the public interest as a threat to the “health or safety” of the public by virtue of confusion.” *Id.*

KC cannot show any public injury and accordingly, the Court grants summary judgment dismissing the first counter-claim regarding rescission of the Agreement.

B. A declaration that D.C. Comics owns no trademark rights in Kryptonite.

KC's second counterclaim seeks a declaration that DC Comics “enjoys no trademark rights in and to the name ‘Kryptonite.’ ”

DC Comics argues that it *does* own trademark rights in Kryptonite in two ways:

- 1) trademark rights flow from kryptonite's appearance in Superman entertainment products; and
- 2) DC Comics owns trademark rights in *consumer products* that have included the Kryptonite trademark including toys, apparel, books, calendars, games, greeting cards, novelty items, and video games.

The Court finds that DC Comics does own trademark rights in Kryptonite. See Section B(1) *supra*.

Accordingly, I grant summary judgment dismissing the second counter-claim.

C. Breach of Contract

KC's third counterclaim alleges that DC Comics has breached ¶ 2 of the Agreement which provides:

DC shall not in any manner use or refer to DC's Marks in any manner to falsely indicate or suggest that DC's Products are or were sponsored or affiliated with KBL or in any manner associate DC's Products with KBL or with KBL's Products or with any part thereof or authorize or permit any of its licensees to do any of the foregoing. ¶ 2.

DC agrees not to use DC's Marks on KBL's Products. ¶ 3.

[15] KC alleges that DC Comics has breached the Agreement by entering into licensing agreements with third parties. However, this is without merit for two reasons. First, the agreement between DC Comics and

a third party company called Kryptonics was in 1982—before the 1983 Agreement at issue in this case was even entered into. Second, the agreement between DC Comics and a third party company called PTV was not a *license*, it was a settlement agreement. Therefore, the above provision (which deals with licensees) does not apply.

[16] However, I do find triable issues of fact regarding KC's claim that DC Comics has violated the Agreement by associating DC's Products with KBL's Products. Under the Agreement, DC Comics may not associate DC' Products with KBL or KBL's Products. DC Comics' Products are defined as comic magazines, comic books, motion pictures, and a general line of licensed merchandise. KBL's Products are defined as security devices and accessories and accessories for two-wheeled vehicles.

DC Comics itself admits that it licensed Superman and related indicia for various products including: bicycle bags, bicycles, scooters, tricycles, bicycle number plates, bicycle decals, bicycle directional signals, bicycle handlebar grips, bicycle streamers, training wheels, and bicycle water bottles. *See* Declaration of Paul Levitz, ¶ 16.

Here, there are outstanding ambiguities regarding the scope and definition of DC's Products and KBL's Products and whether DC Comics' admitted conduct violates the Agreement. Accordingly, summary judgment to defendant is denied.

***335 D. Cancellation of DC's trademark registrations for Kryptonite**

[17] KC's first and fourth counter-claims allege that DC Comics has abandoned its rights in the Kryptonite trademark.

[18] [19] In order to establish its claim that DC Comics has abandoned its rights in the Kryptonite trademark, KC is required to demonstrate (1) *non-use* by DC Comics and that (2) an intent not to resume use. *Columbia Pictures Industries, Inc. v. Screen Gems Film Co., Inc.*, 2001 WL 1254838 at *5 (S.D.N.Y. October 18, 2001) (finding that Screen Gems mark was not abandoned based upon inclusion of mark on marketing materials). When considering whether a mark has been abandoned, the court must consider the trademark owner's business to determine what constitutes *use* of the mark. *Stetson*

v. Howard D. Wolf & Assocs., 955 F.2d 847, 851 (2d Cir.1992).

It is undisputed that DC Comics' predecessor first introduced Kryptonite into the Superman story as part of the Superman radio program in 1943. Since that time, Kryptonite has been regularly featured in DC Comics' comic books, motion pictures, and television programs. Kryptonite has regularly appeared on licensed consumer merchandise over the years and the Kryptonite mark or the appearance of Kryptonite have been used in connection with consumer products such as toys, apparel, books, calendars, games, greeting cards, novelty items, and video games.

KC argues that these examples of Kryptonite products do not constitute “trademark use” protectable under the Lanham Act. KC argues that DC Comics uses the word Kryptonite only as a story element or character and *never* as a brand name or trademark to indicate the source of its goods. However, as stated above, ingredients of entertainment properties constitute protectable symbols under the Lanham Act.

[20] Moreover, the United States Patent and Trademark Office was fully satisfied with DC Comics' use of Kryptonite (in connection with apparel) and issued two federal registrations to DC Comics (one in March of 1983 and the other in May of 1983). Those registrations are incontestable pursuant to the Lanham Act. 15 U.S.C. § 1065. As a matter of law, defendant is statutorily precluded from challenging DC Comic's use of Kryptonite on t-shirts as not trademark use. *Park N' Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 196–97, 105 S.Ct. 658, 83 L.Ed.2d 582 (1985). The evidence is undisputed that current DC Comics licensees sells Kryptonite t-shirts. (Ex. 80 and 88).

There is no genuine issue of material fact that DC Comics has not stopped using its Kryptonite mark let alone demonstrated any intent not to resume use of the mark. As a result, KC's first and fourth counterclaims (to the extent based on abandonment) are dismissed as a matter of law.

E. KC's motion to enjoin DC Comics from using and registering the Kryptonite mark in connection with two wheeled vehicles.

[21] Defendant's fifth counterclaim requests that the Court rule that DC Comics' current trademark

application to register Kryptonite for two-wheeled vehicles, namely, ride-on toys and toy vehicles would violate KC's rights in Kryptonite.

The only restrictions placed upon DC Comics' use of the Kryptonite mark in the Agreement are: (1) it will not use DC's Marks on KBL's Products and (2) it will not use DC's Marks in any manner to indicate that DC's Products are sponsored by or affiliated with KBL or in any manner associate its products with KBL's Products. See Agreement ¶ 2.3. Otherwise, ***336** the Agreement provides to DC Comics the *absolute right* to use the Kryptonite the mark.

However, as explained above, I find a triable issue of fact regarding the definition of KBL Products and DC Comics' Products. Accordingly, I deny summary judgment to KC as to this claim.

F. DC Comics' motion for Summary Judgment on Two Aspects of KC's Breach of Contract Claim

DC Comics asks for Summary Judgment on its claim that KC breached the contract by 1) using Krypt-

formative marks (i.e. using stem words beyond those allowed in the Agreement) and 2) the term "Super" are in violation of the Agreement. Paragraph 1 of the Agreement prohibits KC from using "the word 'SUPER' or a SUPER formative word in the advertising, promotion, packaging or labeling" of its products. Paragraph 4 of the Agreement further prohibits KC from applying "for registration of any krypt formative marks other than" Kryptonite and Krypto Grip. KC concedes that it has used the term "Super" in violation of Agreement. KC also concedes that has used the impermissible Krypt formative marks in violation of the Agreement. KC's defenses to these breaches are without merit.

Accordingly, summary judgment is granted to DC Comics as to these portions its breach of contract claim.

Submit order on notice.

All Citations

336 F.Supp.2d 324

Footnotes

- 1 "DC's Marks" are defined as "Kryptonite, Krypton, Krypto the Superdog, It's Terrific, It's Fantastic, It's Kryptonastic, and The World of Krypton." See Agreement at 1.
- 2 "DC's Products" are defined as including "comic magazines, comic books and motion pictures and a general line of licensed merchandise ..." See *Id.*
- 3 "DC's Products" are defined as including "comic magazines, comic books and motion pictures and a general line of licensed merchandise ..." See Agreement at 1.
- 4 "DC's Marks" are defined as "Kryptonite, Krypton, Krypto the Superdog, It's Terrific, It's Fantastic, It's Kryptonastic, and The World of Krypton." See *Id.*

 KeyCite Yellow Flag - Negative Treatment

Declined to Extend by [Fleischer Studios, Inc. v. A.V.E.L.A. Inc.](#),
C.D.Cal., June 29, 2009

486 F.Supp. 1273

United States District Court, S. D. New York.

DC COMICS, INC., Plaintiff,

v.

FILMATION ASSOCIATES, Defendant.

No. 78 Civ. 5508 (LFM).

March 21, 1980.


Synopsis

Plaintiff marketer of “Aquaman” and “Plastic Man” comic books brought an action against defendant creator of two animated television series utilizing characters similar to plaintiff’s characters seeking damages and equitable relief based on claims that defendant’s series violated various rights under state and federal law. A jury trial resulted in verdicts of liability for plaintiff on seven of its eight claims, and verdicts finding special compensatory damages on both the “Aquaman” claims and the “Plastic Man” claims. On defendant’s motion for judgment notwithstanding the verdict on all the verdicts favorable to plaintiff, or, in the alternative, for a new trial, and upon plaintiff’s motion for an injunction, and accounting, destruction of defendant’s film and underlying materials and attorney fees, the District Court, MacMahon, Chief Judge, held that: (1) plaintiff established liability of defendant for trademark infringement under federal law and unfair competition under New York law with respect to defendant’s television series based upon “Aquaman” characters but plaintiff was not entitled to any damages on such claims, and (2) plaintiff established defendant’s liability for breach of contract and breach of confidential relationship with respect to defendant’s television series featuring “Superstretch,” who had essentially the same abilities as “Plastic Man,” but the damages awarded by jury were excessive.

Order in accordance with opinion.

West Headnotes (15)

[1] Trademarks

 [Form, Features, or Design of Product as Marks; Trade Dress](#)

Where a product sold by plaintiff is “entertainment” in one form or another, then not only the advertising of the product but also an ingredient of the product itself can amount to a trademark protectable under Lanham Trade-Mark Act because ingredient can come to symbolize the plaintiff or its product in the public mind. Lanham Trade-Mark Act, § 43(a), [15 U.S.C.A. § 1125\(a\)](#).

[7 Cases that cite this headnote](#)

[2] Trademarks

 [Infringement](#)

Plaintiff, marketer of comic books using “Aquaman” and “Plastic Man” characters which alleged that defendant, creator of animated television series featuring similar characters, stated claims of trademark infringement under Lanham Trade-Mark Act, notwithstanding fact that plaintiff failed to assert claims under federal Copyright Act. Lanham Trade-Mark Act, § 43(a), [15 U.S.C.A. § 1125\(a\)](#); [17 U.S.C.A. §§ 101–810](#).

[3 Cases that cite this headnote](#)

[3] States

 [Copyrights and patents](#)

Copyright Act did not bar claims based on New York law of unfair competition brought by plaintiff, marketer of comic books using “Aquaman” and “Plastic Man” characters as against defendant, which began creation of two television series prior to 1978 which featured characters with essentially same ability and characteristics as plaintiff’s characters. [17 U.S.C.A. §§ 101–810, 301\(d\)](#).

[3 Cases that cite this headnote](#)

[4] Federal Civil Procedure

🔑 Construction of evidence

Federal Civil Procedure

🔑 Determination of issues

On motion for judgment notwithstanding a verdict, court must view evidence in light most favorable to prevailing party and give that party benefit of all reasonable inferences that may be drawn in its favor; motion may not be granted unless reasonable people could only have found for opposing party. [Fed.Rules Civ.Proc. Rule 50\(b\)](#), 28 U.S.C.A.

[1 Cases that cite this headnote](#)

[5] Trademarks

🔑 Infringement in general

Trademarks

🔑 Unfair competition in general

Evidence adduced in suit by plaintiff, marketer of comic books using “Aquaman” and “Plastic Man” characters, against defendant, creator of animated television series featuring similar characters with essentially same characteristics as plaintiff’s characters, was sufficient to support findings of liability on claim of unfair competition under New York law and on claims of trademark infringement under Lanham Trade-Mark Act. Lanham Trade-Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

[Cases that cite this headnote](#)

[6] Antitrust and Trade Regulation

🔑 Literary, artistic, or entertainment works

Antitrust and Trade Regulation

🔑 Weight and sufficiency of evidence

Evidence suggested that defendant, which created “Aquaman” and animated television series for plaintiff marketer of “Aquaman” comic books under contract, relied solely on its own expertise and plaintiff’s comic books in creating its own animated series using characters similar to those used in “Aquaman” comic books; thus, although such copying was actionable as unfair

competition, plaintiff was not entitled to recover for breach of confidential relationship in connection with defendant’s making of animated television series based on “Aquaman” characters.

[Cases that cite this headnote](#)

[7] Federal Civil Procedure

🔑 Motion and Affidavits

On a motion for a new trial, nonprevailing party must show that weight of evidence was so plainly against prevailing party that jury reached a seriously erroneous result tantamount to a miscarriage of justice. [Fed.Rules Civ.Proc. Rule 59\(a\)](#), 28 U.S.C.A.

[Cases that cite this headnote](#)

[8] Trademarks

🔑 Damages

Trademarks

🔑 Confusion or deception

Plaintiff marketer of “Aquaman” comic books, which established liability of defendant creator of animated television series utilizing characters similar to “Aquaman” characters on claims of trademark infringement under federal law and unfair competition under New York law, was not entitled to damages on such claims for reasons that it failed to prove actual confusion of viewing public in general and failed to prove injury to its sales and licensing programs based on defendant’s wrongful conduct. Lanham Trade-Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

[3 Cases that cite this headnote](#)

[9] Damages

🔑 Questions for Jury

Although juries are traditionally allowed considerable latitude in determining amount of damages, test is more stringent as to fact of damages.

[Cases that cite this headnote](#)

[10] Trademarks**➤ Confusion or deception**

Plaintiff marketer of “Plastic Man” comic books, which established liability of defendant creator of animated television series featuring “Superstretch” who had essentially same abilities as “Plastic Man” on claims of trademark infringement under federal law and unfair competition under New York law, was not entitled to damages on such claims for reason that it presented insufficient evidence to establish actual consumer confusion. Lanham Trade-Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

2 Cases that cite this headnote

[11] Antitrust and Trade Regulation**➤ Particular cases****Damages****➤ Breach of contract in general**

Evidence, which indicated that plaintiff marketer of “Plastic Man” comic books could have sold “Plastic Man” television series to a network a year earlier but for conduct of defendant, which created and sold its own animated television series featuring “Superstretch” who had essentially same characteristics as “Plastic Man,” which creation and sale took place during period that defendant had been given an option by plaintiff to produce “Plastic Man” show, was sufficient to support award of damages on claims for breach of contract and breach of confidential relationship.

Cases that cite this headnote

[12] Trademarks**➤ Evidence**

In light of fact that defendant's wrongful conduct had occasioned the harm to plaintiff by precluding it from achieving network sale of animated “Plastic Man” series one year earlier, defendant bore risk of uncertainty as to amount of lost profits.

1 Cases that cite this headnote

[13] Damages**➤ Particular cases**

Special compensatory damages awarded to plaintiff creator of animated television series featuring its “Plastic Man” comic book character, which prevailed on claims of breach of contract and breach of confidential relationship against creator of animated “Superstretch” series, for lost television profits and licensing losses was excessive.

Cases that cite this headnote

[14] Federal Civil Procedure**➤ Argument**

Although plaintiff's counsel repeatedly implied wrong law to jury in his summation, curative instructions adequately countered such comments and therefore a new trial was not warranted on basis of such conduct.

1 Cases that cite this headnote

[15] Trademarks**➤ Confusion or deception****Trademarks****➤ Infringement****Trademarks****➤ Costs****Trademarks****➤ Exceptional cases; intent or bad faith**

The plaintiff marketer of “Aquaman” and “Plastic Man” comic books, which established defendant's liability with respect to one animated television series on theories of trademark infringement under federal law and unfair competition under New York law but which failed to establish actual confusion of consumers, was entitled to an injunction on such claims but not entitled to an accounting on such claims nor was plaintiff entitled to an accounting with respect to successful claims for breach of contract and breach of confidential relationship since

damages in form of lost television profits adequately compensated plaintiff and since the accounting was not necessary to deter future misconduct; furthermore, plaintiff was not entitled to attorney fees or costs since defense was not interposed in bad faith and since no overriding considerations of justice warranted an allowance. Lanham Trade-Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

[Cases that cite this headnote](#)

Attorneys and Law Firms

*1275 Shea & Gould by Jesse Climenko and Richard L. Spinogatti, New York City, Cooper, Epstein & Hurewitz by Michael A. Painter, Beverly Hills, Cal., Pryor, Cashman, Sherman & Flynn by Gayle A. Yeomans, New York City, for defendant.

Cowan, Liebowitz & Latman, P. C. by Roger L. Zissu and Louis S. Ederer, New York City, for plaintiff.

OPINION

MacMAHON, Chief Judge.

This case shows that a lawsuit need not assume the shape of a class action in order to qualify as a Frankenstein monster.¹ It poses many difficult questions in the form of defendant's post-trial motions for judgment notwithstanding the verdict, Fed.R.Civ.P. 50(b), and for a new trial, Fed.R.Civ.P. 59(a), and in plaintiff's prayer for equitable relief. Before turning to these questions, a brief outline of the litigation is necessary.

Since 1941, plaintiff, a New York corporation, has marketed comic books using the Aquaman characters. Aquaman is an underwater hero, who, with his female companion Mera, fights against the villain Black Manta and assorted forces of evil. Since 1967, Aquaman has had a loyal walrus-like companion, Tusky.

Since 1967, plaintiff has marketed from time to time an Aquaman animated television series, created by defendant pursuant to a contract, and from 1973 plaintiff has exhibited over the ABC television network its own

animated Super Friends series which includes Aquaman segments. Plaintiff also licenses others to market toys and games based on some of the Aquaman characters.

Since 1967, plaintiff has marketed comic books using the Plastic Man character. Plastic Man, a crime-fighter, has the ability to stretch and assume the shape of inanimate objects that retain the color and design of his costume. Since September 1979, plaintiff has exhibited a Plastic Man animated series over the ABC television network.

*1276 Defendant, a Nevada corporation having its principal place of business in California, makes live and animated television film series, sometimes for its own account and sometimes for others, including plaintiff. In 1967, defendant created the Aquaman series for plaintiff under a contract. In 1976, plaintiff granted defendant an option to produce a live or animated Plastic Man show, but defendant never exercised the option.

In September 1978, defendant began exhibiting over the CBS television network two animated series which are the subject of this lawsuit Manta and Moray and Superstretch, both as part of the Tarzan and Super Seven show. Exhibition continues today. Defendant also licenses others to market toys and games based on the Manta and Moray and Superstretch series.

Manta is an underwater hero. Moray is his female companion. Whiskers is their walrus-like companion.

Superstretch has essentially the same abilities as Plastic Man. In addition he has a wife, Microwoman, and a pet dog, both of whom often accompany him on his adventures.

In 1978, plaintiff brought this action for damages and equitable relief, claiming that defendant's series violate various rights under state and federal law. Plaintiff presented four theories of liability for each of defendant's two series: trademark infringement under s 43(a) of the Lanham act;² unfair competition under New York law; breach of contract; and breach of confidential relationship.³

A jury trial was held on October 17, 18, 19, 22 and 30, resulting in a verdict of liability for plaintiff on seven of its eight claims, and verdicts finding special compensatory damages on the Aquaman claims in the amount of

\$389,091.75, and special compensatory damages on the Plastic Man claims in the amount of \$817,765.50.

Defendant, now represented by new counsel, seeks judgment notwithstanding the verdict on all verdicts favorable to plaintiff, or in the alternative, a new trial. Plaintiff seeks an injunction, an accounting, destruction of defendant's films and underlying materials, and attorney's fees.

I. LEGAL CONTENTIONS.

Defendant argues that it is entitled to judgment as a matter of law on claims 1 through 4 because they fail to state claims upon which relief can be granted.⁴ We disagree.

A. Scope of the Lanham Act.

Plaintiff's claims 1 and 2 are based on s 43(a) of the Lanham Act,⁵ enacted by Congress in 1946. Plaintiff contends that the Act protects its characters, including all their traits and abilities, from copying and imitation by others. Defendant asserts that the scope of the Act is much narrower since it was directed primarily at false advertising and palming off through the use of misleading packaging, labeling or naming of the product sold. Defendant claims that since its series were not designed to be *1277 palmed off as originating in plaintiff, it cannot be liable under the Act.

[1] We think that defendant's interpretation of the original legislative intent is largely correct and that plaintiff's remedy more properly lies under the Copyright Act.⁶ Nevertheless, our reading of the cases in this circuit shows that where the product sold by plaintiff is "entertainment" in one form or another, then not only the advertising of the product but also an ingredient of the product itself can amount to a trademark protectable under s 43(a) because the ingredient can come to symbolize the plaintiff or its product in the public mind.⁷

Protectable "ingredients" recognized in this circuit include the names and nicknames of entertainment characters,⁸ as well as their physical appearances⁹ and costumes,¹⁰ but not their physical abilities¹¹ or personality traits.¹² The failure of any court so far to grant Lanham Act protection for character traits or abilities makes sense since it is difficult to see how such intangible qualities,

having an infinite number of possible visible and audible manifestations, can achieve that fixture or consistency of representation that would seem necessary to constitute a symbol in the public mind.

[2] In short, we think that, as construed in this circuit, the Lanham Act, though not as broad as plaintiff would have it, is not as narrow as defendant contends. Thus, defendant is not entitled to judgment as a matter of law on claims 1 and 2.

B. Preemption.

Defendant argues that preemption doctrine precludes relief on claims 1 through 4. First, defendant argues that plaintiff is barred from proceeding under the Lanham Act because it failed to assert claims under the federal Copyright Act.¹³ This contention lacks merit. It appears to be based on the so-called "Sears-Compco doctrine of copyright and patent preemption."¹⁴ But Sears-Compco and their progeny, which dealt with the extent to which federal patent and copyright laws limit the power of the states to grant protection in those areas, are inapposite to claims predicated on a federal statute, because the federalism concerns underlying Sears-Compco are simply not implicated by such claims. Moreover, the Copyright Act itself explicitly allows remedies under other federal statutes even where the scopes of the statutes overlap.¹⁵ Thus, the Copyright Act does not bar claims 1 and 2.

[3] Defendant next argues that the Copyright Act bars claims 3 and 4, which *1278 are based on the New York law of unfair competition. We disagree for two reasons. First, since New York law, unlike the Copyright Act, requires a showing of misappropriation of economic value and a likelihood of public confusion,¹⁶ it is saved from preemption because it protects a right that is "not equivalent" to any right granted by the Act.¹⁷ Second, the parties stipulated that defendant began the creation of its two television series prior to 1978.¹⁸ Thus, the action is saved as a "cause of action arising from undertakings commenced before January 1, 1978."¹⁹

II. SUFFICIENCY OF THE EVIDENCE.

Defendant contends that, as to the seven findings of liability and the two verdicts on damages, the evidence was so meager that defendant is entitled to judgment,²⁰

or at least to a new trial.²¹ We will consider each of these contentions in order.

A. Liability.

[4] 1. Judgment notwithstanding the verdict. On a motion for judgment notwithstanding the verdict under [Rule 50\(b\)](#), we must view the evidence in the light most favorable to plaintiff and give plaintiff the benefit of all reasonable inferences that may be drawn in its favor. We may not grant the motion unless reasonable people could only have found for defendant.²²

[5] Applying this standard to the findings of liability on claims 1 through 4 and 6 through 8, we hold, after a review of the trial testimony and exhibits, that the evidence was sufficient to support the verdicts on claims 1 through 4, 6 and 8. Accordingly, we deny the motion for judgment notwithstanding the verdict as to liability on those claims.

[6] As to claim 7, however, we reach a different result. Claim 7 alleged that defendant, in making the Manta and Moray series and exhibiting it over CBS starting in September 1978, breached a confidential relationship dating from 1967, the year that defendant created the Aquaman series for plaintiff. In order to establish liability, plaintiff had to prove that it gave defendant secret materials or information to be used by defendant for plaintiff's benefit, that defendant used the material or information for its own benefit, and that this conduct injured plaintiff.²³

On the first element, there was evidence that in 1967, plaintiff furnished defendant with secret scripts and music and that plaintiff's employee, Ducovny, had the right to work with defendant to make sure that the animation produced by defendant maintained the integrity of plaintiff's characters.²⁴ There was no evidence, however, that Ducovny imparted any secret knowhow or expertise to defendant, or indeed that he had any expertise in the craft of animation. There was thus support only for a finding that a confidential relationship existed with respect to the scripts and music.

There was no evidence from which the jury could infer that defendant used the *1279 secret scripts and music in the creation of Manta and Moray in 1977 and 1978. Mr. Scheimer, defendant's president, testified that all the material used in connection with the Aquaman film

project was returned to plaintiff well before the creation of Manta and Moray.²⁵ Even if the jury disbelieved Scheimer, plaintiff failed to put on evidence that would support a finding of unlawful use. As to the scripts, Mr. Harrison, plaintiff's president, admitted that he knew of no story lines furnished by plaintiff to defendant that were used in Manta and Moray.²⁶ As to the music, the record is silent. Plaintiff, having the burden of proof, cannot succeed without at least some showing that the music used in Manta and Moray resembles that furnished by plaintiff. Finally, as noted above, since there was no showing that Ducovny furnished any secret expertise to defendant, it follows that defendant could not have used any to the detriment of plaintiff.

In short, the evidence suggests only that defendant relied solely upon its own expertise and plaintiff's comic books. Such copying, though actionable as unfair competition, does not amount to that abuse of a confidential relationship that is necessary to support the verdict of liability on claim 7.

Accordingly, we grant judgment notwithstanding the verdict on claim 7.

[7] 2. New trial. On a motion for a new trial under [Rule 59\(a\)](#), defendant must show that the weight of the evidence was so plainly against plaintiff that the jury reached a "seriously erroneous result" tantamount to a "miscarriage of justice."²⁷ We have reviewed the evidence thoroughly and find it sufficient to support the six verdicts of liability as to which we denied the motion for judgment notwithstanding the verdict. We do not think that any of these verdicts was "seriously" erroneous.

As to claim 7, as stated above, we think that the evidence in favor of plaintiff was so scant as to require the granting of judgment for defendant. A new trial would be fruitless.

B. Damages.

[8] 1. Claims 1, 3, 5 and 7. On the claims relating to Manta and Moray, the jury found special compensatory damages of \$389,091.75, based apparently on a conclusion that plaintiff lost potential profits from sales of entertainment products involving the Aquaman characters. Viewing the evidence in the light most favorable to plaintiff, we think that it does not support a finding of damages.

a. Actual confusion. At the outset, we note that the evidence supported findings of liability only on claim 1 for violation of the Lanham Act and claim 3 for unfair competition.²⁸ Next, we note that our Court of Appeals has recently reaffirmed the longstanding rule in this circuit that in cases alleging violation of the Lanham Act and the New York law of unfair competition, plaintiff cannot recover damages without proof that consumers who wished to buy plaintiff's product were actually misled into buying defendant's, or at least that consumers were actually confused as to the origin of the products.²⁹

Although plaintiff demonstrated a likelihood of consumer confusion, plaintiff did not prove actual confusion. Plaintiff did not suggest, nor would the suggestion have been credible, that any networks or toy and game licensees were confused as to source of origin. Plaintiff put on no evidence as to the reactions or attitudes of purchasers or *1280 users of toys and games, or of purchasers or readers of comic books.³⁰

Harrison did testify to one case of actual confusion. A woman told him, in a chance meeting, that her children enjoyed watching plaintiff's new programs on CBS; in fact, the CBS programs were defendant's.³¹ We do not think that a single, isolated incident such as this suffices to support an inference of actual confusion of the viewing public in general, or of the audience for comic books and toys and games. Indeed, it does not even support an inference that the viewers, as opposed to their mother, were confused, because it may well be that interested youngsters watch cartoons with a more discriminating eye than their parents.³²

b. Damages in fact. Moreover, plaintiff failed to put on evidence from which the jury could reasonably infer that defendant's conduct caused injury in fact to plaintiff's sales and licensing programs.

Harrison's admission that Aquaman segments have been and are now being broadcast over the ABC television network³³ belies plaintiff's assertion that it has been unable to obtain network exposure since the advent of Manta and Moray in September 1978. While plaintiff did show that it has not obtained network exposure of a full-length, half-hour Aquaman program, the evidence did not support a reasonable inference that this failure is

attributable to defendant's conduct. The 1967 Aquaman show has been relegated to syndicated, regional telecasts since 1973, a full five years before the conduct of which plaintiff complains.³⁴ Moreover, there was no suggestion that plaintiff tried to sell the 1967 show to a network at any time after defendant's wrongful conduct. The only reasonable inference is that the 1967 series failed to gain network exposure in 1978 and 1979 not because of any wrongdoing by defendant, but because the show was obsolete and hence undesirable to a network, or because plaintiff, recognizing this, had voluntarily withdrawn the show from the network market, or because ABC's decision to exhibit Aquaman segments nationally as part of Super Friends had saturated that market.

[9] Finally, there was no evidence that plaintiff tried to work up a new Aquaman show and sell it to a network. Plaintiff argues that the absence of such an attempt does not defeat the inference of damages since it can always be inferred that the advent of defendant's infringing product foreclosed potential markets. But in the cases relied upon by plaintiff, the complaining party was engaged in an ongoing effort to sell its product that was frustrated by defendant's conduct.³⁵ Here, by contrast, there is no evidence that plaintiff was trying to sell an Aquaman series, as opposed to isolated segments, in the national network market at any time after 1973. Though juries are traditionally allowed considerable latitude in determining the amount of damages, the test is more stringent as to the fact of damages.³⁶ Plaintiff has failed that test with respect to television profits.

There was no evidence that licensing of Aquaman characters decreased in 1978 or 1979. To the contrary, Mr. Grant, president of the corporation ("LCA") that acts as plaintiff's licensing agent, testified that licensing of all of plaintiff's characters has been increasing steadily over the years and that Aquaman had been licensed continuously *1281 up to the time of trial.³⁷ Though there was evidence that toy companies have paid over \$1,300 to defendant for merchandising rights to the Manta and Moray characters,³⁸ there was no suggestion that these payments resulted from actual confusion among licensees or consumers as to the source of defendant's characters.³⁹

Harrison did testify that sales of Aquaman comic books decreased by 74,952 copies in 1978.⁴⁰ But proof of

any causal link between this decline and the advent of Manta and Moray was exceedingly sparse. First, Harrison admitted that the decline could trace to any number of factors, such as consumer buying trends.⁴¹ Second, there was no indication of what portion of the decline, if any, occurred after the first airing of Manta and Moray in September 1978, the earliest date at which the show could have harmed plaintiff's comic books sales. Third, there was no showing that defendant's television show confused potential purchasers of plaintiff's comic books into refraining from buying them. Had defendant sold competing comic books, an inference of confusion and switchover might reasonably be drawn. But absent any evidence suggesting an overlap of television and comic book markets, or showing that television shows starring one group of characters can affect sales of comic books featuring a second set of characters, we think that the jury was unwarranted in attributing any sales decline to defendant.

It is thus our conclusion that on claims 1 and 3 plaintiff did not make out a case for damages. Accordingly, we grant judgment notwithstanding the verdict on the issue of damages as to those claims.

2. Claims 2, 4, 6 and 8. On the claims relating to Superstretch, the jury found special compensatory damages of \$817,765.50. We think that there was evidence to support a finding of damages, but that this amount is seriously excessive.

[10] a. Actual confusion. The sole evidence of actual confusion consisted of Harrison's anecdote of the confused mother. Thus, plaintiff was not entitled to damages on claim 2, based on the Lanham Act, or claim 4, based on the New York law of unfair competition.⁴²

[11] b. Damages in fact. Nevertheless, there was evidence to support the inference that defendant directly harmed plaintiff by preventing plaintiff from having a Plastic Man series sold to a network for the 1978-1979 season. The jury could have inferred that from late 1977 onward, plaintiff was attempting to conclude such a sale, that it gave defendant an option to try to effect the sale, and that during the option period defendant developed its own similar Superstretch show and sold it to the CBS television network for the 1978-1979 season. The fact that plaintiff did sell a Plastic Man show, through a third party, to the ABC television network for the 1979-1980 season

further supports the inference that it could have achieved a network sale a year earlier but for defendant's conduct. Thus, plaintiff was entitled to damages on claim 6 for breach of contract, and claim 8 for breach of confidential relationship, because on neither of these claims is plaintiff required to prove actual consumer confusion.

In addition to finding lost television profits, the jury could also have concluded that defendant's breaches caused plaintiff to forego substantial licensing revenue, because *1282 Gray testified that network television exposure has a direct salutary effect on licensing.⁴³

Harrison testified that Plastic Man comic books sales were declining as early as 1977.⁴⁴ There was no basis for inferring that the advent of Superstretch caused a further decline. Thus, no damages were properly attributable to comic book sales.

[12] c. Amount of damages. In determining what amounts the jury could reasonably have attributed to lost television and licensing profits, we are guided by two principles. On the one hand, we must realize that proof of damages in these kinds of cases is extremely difficult because by necessity it requires an estimation of profits that did not come to fruition. Moreover, since defendant has occasioned the harm, it must bear the risk of uncertainty as to what the lost profits might have been.⁴⁵ On the other hand, we must not tolerate a verdict plainly based on sheer speculation and guesswork. The jury must have a reasonable basis for its calculations.⁴⁶

[13] In measuring lost television profits, the jury could properly have considered several factors. One was the amount defendant would have paid to plaintiff about \$40,000⁴⁷ had defendant exercised the option to produce a Plastic Man show and attempt to sell it to CBS.

Second, the jury could have considered what would have happened had defendant timely informed plaintiff that CBS was uninterested in the Plastic Man show. The evidence showed that for the 1979-1980 season, plaintiff, in return for about \$188,000, granted to Ruby-Spears Productions the rights to produce Plastic Man segments and sell them to the ABC television network.⁴⁸ The jury thus could have concluded that absent defendant's misconduct, plaintiff could have made a similar arrangement for 1978-1979. Though plaintiff

failed to show its costs in obtaining this deal, the costs were probably negligible since plaintiff was merely procuring the sale of intangible rights.

Third, the jury could properly have considered profits to defendant from its sale of the competing Superstretch program to CBS for 1978-1979. There was evidence that defendant's revenues were \$1,087,000 for two seasons.⁴⁹ Half of this, or \$543,500, is logically attributable to the 1978-1979 season. There was no evidence as to defendant's costs, however, and these were manifestly substantial since defendant had to produce each show.⁵⁰ Plaintiff could have discovered this evidence, and we do not think that it should profit from its own sloth.

While in an accounting for profits defendant has the burden of showing its costs,⁵¹ we think that in an action for damages plaintiff has the burden of discovering those facts that will give the jury a reasonable basis for estimating damages. This is precisely what the plaintiff did in the case chiefly relied on by plaintiff here.⁵² Since there was no evidence as to defendant's costs, we conclude that using its sales as a basis for estimating its profits would have led the jury to improper speculation. Accordingly, taking into account the amount paid by Ruby-Spears to plaintiff for 1979-1980 and adding a premium to reflect a diminution in value stemming from defendant's unlawfully gaining the market a year *1283 earlier, we think that \$200,000 is the maximum that a jury could reasonably have awarded for lost television profits.

On merchandising, the evidence shows that defendant's licensing revenues were \$1,339.⁵³ Its costs were probably minimal in granting these rights.

Further, Grant testified that, because of interest spurred by the national television broadcasts of Plastic Man, between ten and twenty licensees will pay LCA between \$2,000 and \$150,000 each in royalties on Plastic Man for 1979-1980.⁵⁴ This yields an expected range of \$20,000 to \$3,000,000 that plaintiff might have gained a year earlier but for defendant's conduct.

This testimony is doubly speculative, however, in that it is based only on prospective estimates by licensees who may well be overly optimistic, and the number of possible licensees and the amounts of their prospective royalty payments are so uncertain as to be arbitrary. Moreover,

there was no testimony as to how much of any payment from a licensee to LCA ultimately goes to plaintiff.

In spite of all these problems, we reiterate that proof of damages is difficult and that defendant must bear the risk of uncertainty. To deny any damages from lost licensing profits would force plaintiff to wait until figures on 1979-1980 licensing were available and then to bring a second lawsuit using those figures to prove the amount of damages. This delay would serve neither the administration of justice nor plaintiff's interest in prompt recovery for the wrongs suffered.

In sum, we think that \$21,339 in lost licensing profits was the most proven without speculation, based on defendant's sales of \$1,339 plus a conservative view of Grant's estimates: ten licensees at \$2,000 each.

Plaintiff argues that the damages from lost profits should be augmented by an amount attributable to harm to plaintiff's goodwill. We disagree.

The jury was empowered to compensate such harm through a verdict of general compensatory damages, but it chose only to compensate direct economic loss through special compensatory damages. This choice was the jury's province. It was fully supported by the evidence that plaintiff's television and licensing programs were successful in 1979-1980, thus negating the inference of harm to goodwill.

Nor do we think that the jury committed harmless error that did not affect substantial rights.⁵⁵ In the cases relied upon by plaintiff, the jury either obviously filled in the wrong blank on the verdict form⁵⁶ or misconstrued an ambiguous form.⁵⁷ Here, however, the verdict form was unambiguous, and we would denigrate the jury's ability to follow instructions were we to conclude that it meant to award damages for loss of goodwill as well as lost profits but filled in the wrong blank.

Based on television losses of \$200,000 and licensing losses of \$21,339, we think that the jury could have awarded at most \$221,339 in special compensatory damages as to the claims based on Superstretch. Accordingly, we will grant defendant's motion to set aside the verdict of damages as excessive and order a new trial limited to the damage issue

unless plaintiff, within ten days, stipulates to a reduction to \$221,339.⁵⁸

III. OTHER ARGUMENTS FOR NEW TRIAL.

Defendant contends that the verdict for defendant on claim 5 finding no breach of contract is inconsistent with the verdict for *1284 plaintiff on claim 7 finding breach of confidential relationship, thus requiring a new trial on those claims.⁵⁹ Inasmuch as we have found the verdict for plaintiff on claim 7 unsupported by the evidence, resolution of this point is unnecessary since defendant now has judgment on both claims. In any event, the verdicts were reconcilable. The jury could have found that any contractual duty not to compete against plaintiff expired before any fiduciary duty arising from a confidential relationship.

[14] Defendant next contends that plaintiff's counsel, Mr. Zissu, repeatedly and egregiously implied wrong law to the jury during his summation, thus infecting the jury deliberations and making a fair verdict impossible.⁶⁰ It is certainly true that, though Mr. Zissu was fully aware that we would charge the jury that a federal trademark cannot exist in the physical abilities of characters,⁶¹ he repeatedly stressed to the jury the similarities in physical abilities among the various characters. This he did even after being interrupted several times by the court and warned that this was not the law.⁶²

We think, however, that his conduct did not infect the jury's deliberations. First, we interrupted him and gave a curative instruction several times.⁶³ Defendant's citation of *Koufakis v. Carvel*,⁶⁴ where the court failed timely to intervene, is thus off point. Second, our charge, delivered immediately after the tainted summation, made it clear that the jury was not to consider physical abilities in its determination of the Lanham Act claim.⁶⁵ We think that this adequately countered Mr. Zissu's comments.⁶⁶

IV. EQUITABLE RELIEF.

A. Attorneys' Fees.

[15] The application for attorneys' fees and costs is denied because the defense was plainly not interposed in bad faith. Nor do overriding considerations of justice warrant an allowance.⁶⁷

B. Accounting.

In the absence of proof of actual confusion of consumers, plaintiff is not entitled to an accounting on its claims based on the Lanham Act and unfair competition (claims 1 through 4).⁶⁸ Accordingly, since plaintiff established liability for Manta and Moray only on theories of Lanham Act violation and unfair competition, it is not entitled to an accounting for the profits from that series.

On plaintiff's claims of breach of contract and confidential relationship based on Superstretch (claims 6 and 8), however, we may, in our discretion, order an accounting to compensate plaintiff where damages in the form of lost profits are not sought or are difficult to prove, or to deter defendant from repeated wrongdoing in the future.⁶⁹ Since an accounting would serve neither of these goals, we decline to order it.

First, plaintiff did seek damages in the form of lost profits. Though these were admittedly difficult to prove, we think that the verdict returned by the jury, modified *1285 by the analysis above, included compensation for any profits that plaintiff might have lost because of defendant's conduct. Any further monetary relief would be redundant.

Second, an accounting is neither necessary nor desirable to deter future misconduct. The nature and extent of defendant's contractual and fiduciary duties with respect to plaintiff's Plastic Man character and series were matters on which reasonable people could well differ. Moreover, in the realm of artistic endeavor, first amendment values counsel us to shrink from deterring a maximum flow of creations into the market place. To make an award having a solely punitive purpose might well chill legitimate imaginative work without preventing clearly unlawful conduct.

C. Injunction.

Plaintiff, having received favorable jury verdicts on the questions of liability on its unfair competition and Lanham Act claims, is entitled to an injunction.⁷⁰

D. Destruction of Materials.

Absent any showing of bad faith or intention not to comply with this opinion and the ensuing decree, we think

that delivery and destruction of the offending materials is unnecessary.

V. CONCLUSION.

To summarize:

(1) Defendant's motion for judgment notwithstanding the verdict pursuant to [Rule 50\(b\), Fed.R.Civ.P.](#), on the issue of liability is denied as to claims 1, 2, 3, 4, 6 and 8.

(2) Defendant's motion for judgment notwithstanding the verdict pursuant to [Rule 50\(b\), Fed.R.Civ.P.](#), on the issue of liability is granted as to claim 7.

(3) Defendant's motion for a new trial pursuant to [Rule 59\(a\), Fed.R.Civ.P.](#), on the issue of liability is denied as to claims 1, 2, 3, 4, 6, 7 and 8.

(4) Defendant's motion for judgment notwithstanding the verdict pursuant to [Rule 50\(b\), Fed.R.Civ.P.](#), on the issue of damages on claims 1, 3 and 7 is granted.

(5) Defendant's motion for judgment notwithstanding the verdict pursuant to [Rule 50\(b\), Fed.R.Civ.P.](#), on the issue of damages on claims 2, 4, 6 and 8 is denied.

(6) Defendant's motion for a new trial pursuant to [Rule 59\(a\), Fed.R.Civ.P.](#), on the issue of damages on claims 2, 4, 6 and 8 will be granted unless plaintiff, within ten (10) days, stipulates to a reduction of such damages to \$221,339.

(7) Plaintiff's application for attorneys' fees and costs, an accounting for profits, and destruction of defendant's materials is denied.

(8) Plaintiff's application for an injunction is granted.

The parties are directed to settle a form of judgment and decree within ten (10) days.

All Citations

486 F.Supp. 1273, 206 U.S.P.Q. 112, 1978-81 Copr.L.Dec. P 25,144

Footnotes

¹ Cf. [Eisen v. Carlisle & Jacquelin](#), 391 F.2d 555, 572 (2d Cir.) (Lumbard, C. J., dissenting).

² [15 U.S.C.A. s 1125\(a\)](#).

³ The complaint and amended complaint alleged three claims for each series. Plaintiff's requested jury instructions showed that its third and fourth claims rested on two theories each: breach of contract and breach of confidential relationship. Accordingly, we sent eight claims to the jury: Lanham Act (claims 1 and 2); unfair competition (claims 3 and 4); breach of contract (claims 5 and 6); breach of confidential relationship (claims 7 and 8).

⁴ Prior to trial, defendant moved for summary judgment on claims 1 and 2 on the same ground. We denied the motion substantially for the reasons set forth here. At trial, defendant moved for dismissal of claims 1 through 4 and for a directed verdict on those claims on the same ground. We provisionally denied the motions and reaffirm our rulings here.

⁵ Section 43(a) provides in relevant part:

"Any person who shall . . . 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 commerce . . . shall be liable to a civil action" [15 U.S.C. s 1125\(a\)](#).

⁶ [17 U.S.C. ss 101-810](#). See [Walt Disney Prods. v. Air Pirates](#), 581 F.2d 751, 754-55 (9th Cir. 1978), cert. denied, 439 U.S. 1132, 99 S.Ct. 1054, 59 L.Ed.2d 94 (1979).

⁷ See, e. g., [American Footwear Corp. v. General Footwear Co.](#), 609 F.2d 655 (2d Cir. 1979) (word "Bionic" in television show); [Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.](#), 604 F.2d 200 (2d Cir. 1979) (cheerleader uniform); [Ideal Toy Corp. v. Kenner Prods. Div.](#), 443 F.Supp. 291 (S.D.N.Y.1977) (physical appearance of robot and villain characters in "Star Wars" movie).

⁸ See, e. g., [American Footwear Corp. v. General Footwear Co.](#), supra ("bionic" man and woman); [Geisel v. Poynter Prods., Inc.](#), 283 F.Supp. 261 (S.D.N.Y.1968) ("Dr. Seuss"). Cf. [DC Comics, Inc. v. Powers](#), 465 F.Supp. 843 (S.D.N.Y.1978) (name of newspaper in plaintiff's comic book series); [National Lampoon, Inc. v. American Broadcasting Cos.](#), 376 F.Supp. 733 (S.D.N.Y.1974) (name of plaintiff's magazine).

⁹ [Ideal Toy Corp. v. Kenner Prods. Div.](#), supra.

¹⁰ [Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.](#), supra.

- 11 [Booth v. Colgate-Palmolive Co.](#), 362 F.Supp. 343, 349 (S.D.N.Y.1973) (alternative holding).
- 12 Plaintiff has cited no case, and we have found none, holding that physical abilities or personality traits are protectable under s 43(a) of the Lanham Act.
- 13 17 U.S.C. ss 101-810.
- 14 See [Sears, Roebuck & Co. v. Stiffel Co.](#), 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964); [Compco Corp. v. Day-Brite Lighting, Inc.](#), 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964).
- 15 17 U.S.C. s 301(d).
- 16 See [Flexitized, Inc. v. National Flexitized Corp.](#), 335 F.2d 774 (2d Cir. 1964); [Ideal Toy Corp. v. Kenner Prods. Div.](#), supra.
- 17 17 U.S.C. s 301(b)(3).
- 18 Tr. 386, 392-93.
- 19 17 U.S.C. s 301(b)(2).
- 20 Fed.R.Civ.P. 50(b).
- 21 Fed.R.Civ.P. 59(a).
- 22 [C-Suzanne Beauty Salon, Ltd. v. General Ins. Co.](#), 574 F.2d 106, 112 n.10 (2d Cir. 1978); [Siblest v. Maynard](#), 427 F.2d 1, 4 (2d Cir. 1970). Although as to the state law claims it remains an open question whether a New York or federal standard applies, we will apply the federal standard in the absence of a suggestion that a different result would obtain under New York law and in light of the parties' assumption that the federal standard governs. [C-Suzanne Beauty Salon, Ltd. v. General Ins. Co.](#), supra.
- 23 [Flexitized, Inc. v. National Flexitized Corp.](#), supra, 335 F.2d at 782; [Robine v. Ryan](#), 310 F.2d 797 (2d Cir. 1962); [Spiselman v. Rabinowitz](#), 270 A.D. 548, 61 N.Y.S.2d 138 (1946).
- 24 Tr. 33, 36, 141, 164, 445, 494.
- 25 Tr. 446.
- 26 Tr. 135.
- 27 [Bevevino v. Saydjari](#), 574 F.2d 676, 684 (2d Cir. 1976).
- 28 The jury found for defendant on claim 5, which alleged breach of contract. We granted the defendant judgment notwithstanding the verdict on claim 7, which alleged breach of confidential relationship.
- 29 [Perfect Fit Indus., Inc. v. Acme Quilting Co.](#), 618 F.2d 950, 955 (2d Cir. 1980); [G. H. Mumm Champagne v. Eastern Wine Corp.](#), 142 F.2d 499, 501 (2d Cir. 1944).
- 30 See [Perfect Fit Indus., Inc. v. Acme Quilting Co.](#), supra ; [Ideal Toy Corp. v. Kenner Prods. Div.](#), supra, 443 F.Supp. at 308.
- 31 Tr. 169.
- 32 Cf. [Archie Comic Publications, Inc. v. American News Co.](#), 204 Misc. 1060, 125 N.Y.S.2d 919, 921 (Sup.Ct.1953) (comic book characters), aff'd, 283 App.Div. 868, 129 N.Y.S.2d 915 (1954).
- 33 Tr. 26.
- 34 Tr. 386.
- 35 See, e. g., [Zenith Radio Corp. v. Hazeltine Research, Inc.](#), 395 U.S. 100, 89 S.Ct. 1562, 23 L.Ed.2d 129 (1969); [Richfield Oil Corp. v. Karseal Corp.](#), 271 F.2d 709, 712 (9th Cir. 1959).
- 36 *Id.* at 711.
- 37 Tr. 181-83.
- 38 E. g., Ex. 94.
- 39 Pointing to testimony that the absence of full-length network exposure of Aquaman adversely affected its licensing program, plaintiff asserts that the jury could reasonably have attributed an even greater amount to lost licensing profits. But since we hold that plaintiff's failure to gain network exposure could not reasonably be attributed to defendant's conduct, it follows that lost licensing profits flowing from that failure cannot be attributed to defendant either.
- 40 Tr. 24.
- 41 Tr. 136.
- 42 [Perfect Fit Indus., Inc. v. Acme Quilting Co.](#), supra.
- 43 Tr. 184.
- 44 Tr. 79-80.
- 45 [Bigelow v. RKO Pictures, Inc.](#), 327 U.S. 251, 265, 66 S.Ct. 574, 580, 90 L.Ed. 652 (1946).
- 46 *Id.*
- 47 Ex. 38.

- 48 Tr. 124-26; Exs. 68, 94.
49 Exs. 87, 94.
50 We may infer from the other evidence at trial that production costs were entailed in the conception and drawing of characters, the creation of story lines and scripts, and the animation of the episodes.
51 See [Brandon v. Regents of Univ. of Cal.](#), 441 F.Supp. 1086, 1090 (D.Mass.1977).
52 [Flexitized, Inc. v. National Flexitized Corp.](#), supra, 335 F.2d at 778.
53 Ex. 94.
54 Tr. 188.
55 Fed.R.Civ.P. 61.
56 E. g., [Smith v. Philadelphia Transp. Co.](#), 173 F.2d 721, 727 (3d Cir. 1949); [Vizzini v. Ford Motor Co.](#), 72 F.R.D. 132, 139 (E.D.Pa.1976).
57 [Dupaquier v. Employers Cas. Co.](#), 34 F.R.D. 7, 8 (E.D.La.1963).
58 See [Comiskey v. Pennsylvania R.R.](#), 228 F.2d 687, 688 (2d Cir. 1956).
59 See, e. g., [Bernardini v. Rederi A/B Saturnus](#), 512 F.2d 660, 662, 664 (2d Cir. 1975).
60 See [Bellows v. Dainack](#), 555 F.2d 1105, 1108 (2d Cir. 1977); [Koufakis v. Carvel](#), 425 F.2d 892, 900 (2d Cir. 1970).
61 Tr. 522.
62 Tr. 560-63, 568, 578.
63 Tr. 560-62.
64 Supra, 425 F.2d at 901.
65 Tr. 616-17, 625-26.
66 [Berner v. British Commonwealth Pac. Airlines, Ltd.](#), 346 F.2d 532, 542 (2d Cir. 1965).
67 [Scotch Whisky Ass'n v. Barton Distilling Co.](#), 489 F.2d 809, 813-14 (7th Cir. 1973); [le Cordon Bleu, S.A. v. BPC Publishing Ltd.](#), 451 F.Supp. 63, 71 (S.D.N.Y.1978).
68 [Perfect Fit Indus., Inc. v. Acme Quilting Co.](#), supra, 955.
69 [Monsanto Chemical Co. v. Perfect Fit Prods. Mfg. Co.](#), 349 F.2d 389 (2d Cir. 1965); [Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co.](#), 408 F.Supp. 1219, 1241-42 (D.Colo.1976), *aff'd*, 561 F.2d 1365 (10th Cir. 1977).
70 See [Swofford v. B&W, Inc.](#), 336 F.2d 406 (5th Cir. 1964), *cert. denied*, 379 U.S. 962, 85 S.Ct. 653, 13 L.Ed.2d 557 (1965). Cf. [State Mut. Life Assur. Co. v. Arthur Andersen & Co.](#), 581 F.2d 1045, 1050 (2d Cir. 1978); [Caputo v. U.S. Lines Co.](#), 311 F.2d 413 (2d Cir.), *cert. denied*, 374 U.S. 833, 83 S.Ct. 1871, 10 L.Ed.2d 1055 (1963).



KeyCite Yellow Flag - Negative Treatment

Distinguished by [Diagnostic Marketing Intern., Inc. v. Diamed, Inc.](#), D.Me., February 15, 1989

465 F.Supp. 843

United States District Court, S. D. New York.

D C COMICS, INC., Plaintiff,

v.

Jerry POWERS, Michael Barkow, the Daily Planet, Inc., and Future Development Merchandising, Inc., Defendants.

No. 78 Civ. 4597 (KTD).

|
Dec. 7, 1978.**Synopsis**

Comic book publisher, which had engaged in extensive licensing of “Superman” character as well as “Superman” story covering a myriad of products, brought trademark action against newspaper publisher for using name, “Daily Planet.” The District Court, Kevin Thomas Duffy, J., held that: (1) comic book publisher had demonstrated association of such duration and consistency with name “Daily Planet” sufficient to establish a common-law trademark therein and fact that newspaper publisher had permitted his registration of “Daily Planet” to lapse and thereafter had begun to publish another paper of same nature as “Daily Planet” under name “Superstar” indicated his intent to abandon any interest he may have acquired in name “Daily Planet;” (2) newspaper publisher was precluded from asserting equitable defense of laches, because, under circumstances, he did not have clean hands, and (3) newspaper publisher's continued use of name “Daily Planet” was likely to cause irreparable injury to comic book publisher's business reputation, goodwill and to its common-law trademark, and thus its motion for preliminary injunction would be granted.

Order in accordance with opinion.

West Headnotes (13)

[1] Injunction

Grounds in general;multiple factors

A preliminary injunction will issue only upon a clear showing by movant that it will suffer irreparable harm absent its issuance and demonstrates either a probability of success on merits, or sufficiently serious question going to merits to make them a fair ground for litigation and a balance of hardships tipping decidedly toward movant.

[2 Cases that cite this headnote](#)**[2] Trademarks**

What law governs

Where neither, comic book publisher, which had engaged in extensive licensing of “Superman” character as well as “Superman” story covering a myriad of products, nor newspaper publisher presently held a registered trademark in name, “Daily Planet,” any rights to exclusive use thereof were to be determined solely under common-law of trademarks.

[1 Cases that cite this headnote](#)**[3] Trademarks**

Nature of trademarks in general; definitions

A common-law trademark, paralleling its statutory counterpart, includes any word, name or symbol adopted and used by manufacturer or merchant to identify his goods and to distinguish them from those manufactured or sold by others.

[Cases that cite this headnote](#)**[4] Trademarks**

Indication of origin or ownership; identification

Trademarks

Acquired distinctiveness and secondary meaning in general

Function of a trademark is to identify source of a product; in order to claim ownership of a mark, a party must demonstrate his use of mark has been of such a quality and for such a duration that it has come to identify goods

bearing it as originating from that party; mark must have developed a secondary meaning, primary significance of mark in hands of consuming public is not to identify product, but, rather, to identify its producer.

[2 Cases that cite this headnote](#)

[5] Trademarks

🔑 Infringement in general

In order to succeed in its trademark action claiming infringement of name, “Daily Planet,” comic book publisher, which had engaged in extensive licensing of “Superman” character as well as “Superman” story covering a myriad of products, had to establish that it was owner of mark, that mark indicated source of goods and that newspaper publisher's use of mark was likely to create confusion in minds of consuming public as to source of goods; likewise, newspaper publisher, to succeed in his claim of exclusive ownership of name, “Daily Planet,” had to prove same elements.

[4 Cases that cite this headnote](#)

[6] Trademarks

🔑 Particular cases

Trademarks

🔑 Marks protected

In trademark action brought by comic book publisher, which had engaged in extensive licensing of “Superman” character as well as “Superman” story covering a myriad of products, against newspaper publisher for using name, “Daily Planet,” comic book publisher had demonstrated association of such duration and consistency with name “Daily Planet” sufficient to establish a common-law trademark therein and fact that publisher had permitted his registration of “Daily Planet” to lapse and thereafter had begun to publish another paper of same nature as “Daily Planet” under name “Superstar” indicated his intent to abandon any interest he may have acquired in name “Daily Planet.”

[2 Cases that cite this headnote](#)

[7] Trademarks

🔑 Necessity of registration

Trademarks

🔑 Infringement

It is not a prerequisite for remedial action under applicable statute that mark in issue be registered; consequently, under applicable statute, a common-law trademark is entitled to same protection as its statutory counterpart; a plaintiff is entitled to remedial action under applicable statute if defendant has affixed plaintiff's mark to his goods in such a fashion as to misrepresent to public source of goods. Lanham Trade-Mark Act, § 43(a), [15 U.S.C.A. § 1125\(a\)](#).

[7 Cases that cite this headnote](#)

[8] Trademarks

🔑 Markets and territories;competition

Although, in trademark action brought by comic book publisher, which had engaged in extensive licensing of “Superman” character as well as “Superman” story covering a myriad of products, against newspaper publisher for using name “Daily Planet,” it was imperative for company to demonstrate that newspaper publisher's use of name “Daily Planet” was likely to either confuse or deceive purchasers as to source of items bearing mark, liability would attach even though comic book publisher was not in direct competition with newspaper publisher.

[1 Cases that cite this headnote](#)

[9] Trademarks

🔑 Similarity;likelihood of confusion

In a trademark action, proof of actual confusion as to source of items bearing mark is generally not required where party seeks only preliminary equitable relief. Lanham Trade-Mark Act, § 43, [15 U.S.C.A. § 1125](#).

[3 Cases that cite this headnote](#)

[10] Trademarks

🔑 [Similarity;likelihood of confusion](#)

Where evidence demonstrates that another's name was adopted deliberately with a view to obtain some advantage from goodwill, good name, and good trade which another has built up, then inference of the likelihood of confusion is readily drawn, for very act of adopter has indicated that he expects confusion and resultant profit; indeed, where such an intent to deceive public has been demonstrated, it gives rise to presumption that deception and confusion in fact resulted.

[7 Cases that cite this headnote](#)

[11] Trademarks

🔑 [Infringement in general](#)

Newspaper publisher's continued use of name, "Daily Planet," was likely to cause irreparable injury to comic book publisher's business reputation, goodwill and to its common-law trademark, and thus comic book publisher's motion for preliminary injunction would be granted.

[Cases that cite this headnote](#)

[12] Trademarks

🔑 [Knowledge, intent, and motives;bad faith](#)

Before a parent's knowledge will be imputed to its subsidiary, it must be shown that parent's employees informed of infringement were under a duty to report that information to subsidiary.

[4 Cases that cite this headnote](#)

[13] Trademarks

🔑 [Delay in Assertion of Rights;Laches](#)

Newspaper publisher, being sued in a trademark action for using name, "Daily Planet," was precluded from asserting equitable defense of laches, since he had

"unclean hands", given fact that there was substantial evidence indicating that his use of name, "Daily Planet," was, ab initio, part of a scheme to trade on goodwill and business reputation that comic book publisher, and its predecessor, had built around "Superman" story.

[4 Cases that cite this headnote](#)

Attorneys and Law Firms

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David S. Fitzpatrick, Michael F. Schwartz, New York City, for defendants Jerry Powers and the Daily Planet, Inc.

OPINION AND ORDER

KEVIN THOMAS DUFFY, District Judge:

This is a trademark action involving use of the name Daily Planet both as the title of a news publication and in connection with a myriad of consumer products. Plaintiff, D C Comics, Inc., charges that the continued use of the name Daily Planet by defendants, the Daily Planet, Inc. and its President, Jerry Powers,¹ is violative of s 43(a) of the Lanham Act, [15 U.S.C. s 1125\(a\)](#), (hereinafter "the Act") and constitutes unfair competition resulting in dilution of plaintiff's common law trademark under the law of New York. Jurisdiction is founded upon [28 U.S.C. s 1338\(a\), \(b\)](#) and upon the principles of pendent jurisdiction.

In June of 1938, plaintiff's predecessors created the fictional character called Superman—the "man of steel who, with powers and abilities beyond those of mortal men, fights a never ending battle for truth, justice and the American way." The Daily Planet serves a dual function in relation to the Superman character. Primarily, it is the name of the fictitious Metropolis newspaper which employs Superman's alter ego, together with the other central characters in the Superman story. The Daily Planet

is also the title of a promotional news column appearing from time-to-time within Superman comic books.

Defendants are the moving forces behind an underground news publication² called the Daily Planet. The Daily Planet appeared between the years 1969 through 1973. Since its demise in 1973, the Daily Planet lay dormant until recently when defendants demonstrated a great interest in its resuscitation.

Upon commencement of the instant action, defendants moved for a preliminary injunction to preclude plaintiff from any use of the name Daily Planet including the advertisement, promotion, distribution or *846 sale of any products in connection with the multi-million dollar cinema production of "Superman", scheduled to be released in just a few weeks by plaintiff's parent, Warner Communications.³ Plaintiff has cross moved for injunctive relief seeking to preclude defendants from any use of the Daily Planet.

A hearing was held before me on November 21st and 27th. The following, based upon the testimony elicited and the evidence received at the hearing together with the memoranda and affidavits submitted by the parties, constitute my findings of fact and conclusions of law.

Both plaintiff and defendants claim that as a result of a prior appropriation and use of the name Daily Planet, they each possess exclusive rights to its use. What is really at issue, however, is whether either party to this action is entitled to exclusive exploitation of the name Daily Planet based on the expected wave of public interest in the Superman character calculated to result from the release of the Superman movie.

[1] It is well settled that a preliminary injunction will issue only upon a clear showing by the movant that it will suffer irreparable harm absent its issuance and demonstrates either (i) a probability of success on the merits, or (ii) sufficiently serious question going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly toward the movant. *See, e. g., Triebwasser & Katz v. American Telephone & Telegraph Co.*, 535 F.2d 1356 (2d Cir. 1976).

Merits of the Case

[2] It is undisputed that neither plaintiff nor defendants presently hold a registered trademark in the Daily Planet and, therefore, any rights to the exclusive use thereof

are to be determined solely under the common law of trademarks. *D.M. & Antique Import Corp. v. Royal Saxe Corp.*, 311 F.Supp. 1261, 1271 (S.D.N.Y.1970).

[3] A common law trademark, paralleling its statutory counterpart, includes any word, name or symbol adopted and used by a manufacturer or merchant to identify his goods and to distinguish them from those manufactured or sold by others. 3 Callmann, *Unfair Competition Trademarks and Monopolies* s 65 at 1-2 (3d ed. 1969). *See also Clairol, Inc. v. Gillette Co.*, 270 F.Supp. 371, 376 (E.D.N.Y.1967), *aff'd* 389 F.2d 264 (2d Cir. 1968).

[4] The function of a trademark is to identify the source of a product. Indeed, it has been held that:

. . . protection of trademarks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. *Mishawaka Rubber & Woolen Mfg. Co. v. S. S. Kresge Co.*, 316 U.S. 203, 205, 62 S.Ct. 1022, 1024, 86 L.Ed. 1381 (1942).

In order to claim ownership of a mark, a party must demonstrate that his use of the mark has been of such a quality and for such a duration that it has come to identify goods bearing it as originating from that party. In short, the mark must have developed a secondary meaning—the primary significance of the mark in the hands of the consuming public is not to identify the product, but rather, to identify its producer.

[5] In order to succeed in its suit claiming infringement, plaintiff must establish three essential elements: plaintiff is the owner of the mark; the mark indicates the source of the goods; and, defendant's use of the mark is likely to create confusion in the minds of the consuming public as to the source of the goods. *See generally* 3 Callmann, *Unfair Competition Trademarks and Monopolies* ss 65-66 (3d ed. 1969).

Likewise, defendants, to succeed in their claim of exclusive ownership of the Daily Planet, must prove these same elements.

The Superman character has, since its creation in 1938, been featured in comic books, comic strips and on radio

and television. *847 The Daily Planet first appeared in the Superman story in 1940. Since then, the Daily Planet has played a key role, not only in the Superman story, but also in the development of the Superman character. In addition, plaintiff has gone to great effort and expense throughout the long history of Superman to utilize the Superman character in connection with a myriad of products born of the Superman story. See Defendants' Exhibit U. Indeed, to this end plaintiff employed the Licensing Corporation of America to act as its agent in the licensing of the Superman character to persons wishing to use it in connection with a given product. These products have included school supplies, toys, costumes, games and clothes.

At the hearing before me, Joseph Grant, the President of the Licensing Corporation of America, explained the licensing procedures for the D C Comics, Inc. and in particular the Superman characters. He testified that his corporation, at the behest of D C Comics, Inc., licenses the Superman story as a package. Thus, the typical licensing agreement would permit use not only of Superman, but of all the Superman characters. Mr. Grant concluded that while the Daily Planet was never singled out in any licensing agreement, he believed it to be part and parcel of the typical licensing agreement. Indeed, it was clearly established that the Daily Planet has been prominently featured on many products emanating from these licensing agreements.⁴ See, e. g., Plaintiff's Exhibit 3; Defendants' Exhibit X.

In contrast, defendants' relationship with the term Daily Planet has been both brief and, at best, sporadic. Defendants' first published their newspaper in 1969 in Miami, Florida and called it "The Miami Free Press." Thereafter, the name went through a series of changes from "The Miami Free Press and The Daily Planet", to "The Daily Planet and The Miami Free Press" and finally to "The Daily Planet." In 1970, Powers registered the name Daily Planet as the trademark for the paper. It was also during this period that Powers caused the incorporation of the Daily Planet, Inc.

There was testimony from the defendant Powers that the Daily Planet was distributed at the Woodstock Music Festival in Woodstock, New York and at the Atlanta Pop Festival in Georgia. I am willing to believe that to be true. Much of Power's other testimony, however, strains credibility.

Despite defendants' dream of creating a paper with national appeal, the Daily Planet remained throughout its brief history essentially a local affair and, as such, was published between 1969 through 1973 on an irregular basis. Powers also testified that from its inception, the Daily Planet was plagued with financial problems. Finally, in 1973, its financial woes became overwhelming and the paper folded.

Thereafter, Powers left Florida and began work on a new underground publication called "Superstar." At least two issues of "Superstar" were published at this time. It appears that the majority of defendants' time and efforts were devoted to the promotion of this new publication. Consequently, defendants permitted their trademark registration of Daily Planet to lapse and it was subsequently cancelled by the Office of Patent and Trademark Registration in 1976.

[6] In light of the foregoing, it is apparent that only plaintiff has demonstrated an association of such duration and consistency with the Daily Planet sufficient to establish a common law trademark therein. The totality of evidence demonstrates that the Daily Planet has over the years become inextricably woven into the fabric of the Superman story.

*848 Defendants, on the other hand, have offered very little to evidence either a substantial or genuine interest in the Daily Planet. More importantly, however, upon the demise of the Daily Planet in 1973, I find that defendants engaged in a course of conduct evidencing an intent to abandon any interests they may have acquired therein. The fact that defendants permitted their registration of the Daily Planet to lapse and thereafter began to publish another paper of the same nature as the Daily Planet under the name "Superstar" is dispositive of this intent and supports a finding of abandonment.

[7] Turning in particular to plaintiff's claim under section 43(a) of the Lanham Act, 15 U.S.C. s 1125(a), it is not a prerequisite for remedial action thereunder that the mark in issue be registered. *Rare Earth, Inc. v. Hoorelbeke*, 401 F.Supp. 26, 37 (S.D.N.Y.1975); *Mortellito v. Nina of California, Inc.*, 335 F.Supp. 1288, 1294 (S.D.N.Y.1972). Consequently, under this section, a common law trademark is entitled to the same protection as its statutory counterpart. A plaintiff, therefore, is entitled to remedial action under this section if the defendant has affixed plaintiff's mark to his goods in such

a fashion as to misrepresent to the public the source of the goods.

[8] Although it is imperative in the instant action for plaintiff to demonstrate that defendants' use of the Daily Planet is likely to either confuse or deceive purchasers as to the source of items bearing the mark, *Mortellito v. Nina of California, Inc.*, supra, 335 F.Supp. at 1295, liability will attach even though plaintiff is not in direct competition with the defendants.⁵ *Id.*

[9] [10] There is no mathematical formula by which to measure the likelihood of confusion or deception as contemplated under section 43 of the Act. It is settled, however, that proof of actual confusion is generally not required where the party seeks only preliminary equitable relief. *Clairol, Inc. v. Gillette Co.*, 270 F.Supp. 371, 379 (E.D.N.Y.1967); 3 Callmann, Unfair Competition Trademarks and Monopolies s 80.6 at 557-58, 561-62 (3d ed. 1969). Moreover, it has been held that where the evidence demonstrates "that another's name was adopted deliberately with a view to obtain some advantage from the good will, good name, and good trade which another has built-up, then the inference of (the) likelihood of confusion is readily drawn, for the very act of the adopter has indicated that he expects confusion and resultant profit." *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 158 (9th Cir.), cert. denied, 374 U.S. 830, 83 S.Ct. 1870, 10 L.Ed.2d 1053 (1963) (citations omitted). Indeed, where such an intent to deceive the public has been demonstrated, it gives rise to a presumption that deception and confusion in fact resulted. *Mortellito v. Nina of California, Inc.*, supra, 335 F.Supp. at 1295.

[11] Applying these principles to the case at bar, it is evident that plaintiff has demonstrated a probability of success on the merits sufficient to warrant the equitable relief requested.

As previously noted, plaintiff has, through the Licensing Corporation of America, engaged in extensive licensing of the Superman character as well as the Superman story covering a myriad of products. See Defendants' Exhibit U. From the numerous exhibits presented and the testimony elicited, it is clear that the Daily Planet has played a key role in many of these licensing agreements. Despite the fact that the Daily Planet has never individually been the subject of one of these agreements, it has been prominently

displayed on many of the products emanating from these agreements. *See, e. g.*, Plaintiff's Exhibit 3. Furthermore, the Daily Planet has become so closely associated with the presentation of the Superman story that any use thereof by defendants would create a substantial likelihood of confusion *849 at the consumer level. See Exhibits A and B to the Goldman Affidavit.⁶

Moreover, in the case at bar, I find substantial evidence indicating that the adoption by defendants of the name Daily Planet in 1969 was merely an attempt to cash in on the Superman story and its notoriety. Powers admitted that he was aware of the relationship between the Daily Planet and the Superman story when he first decided to use the name. Powers' Affidavit at 113. It was also established that there were, throughout the brief history of Powers' Daily Planet, numerous references in the paper not only to the Superman character, but also to the Superman story, for example:

- (i) A lead article entitled "Superman smokes super dope";
- (ii) A promotional campaign to encourage new subscriptions employing the phrase "Join the Planet Army in Metropolis";⁷
- (iii) Use of the phrase "Watchdog of Metropolis" as its slogan;
- (iv) Numerous drawings of the Superman character;
- (v) Use of a masthead which was an exact replica of the Daily Planet insignia appearing in numerous Superman comic books. (Compare Plaintiff's Exhibit 6 C, E, and L with Defendants' Exhibit A (issues dated October 3, 1970, July 20, 1970 and July 6, 1970)).

Thus, it is quite apparent that defendants, both in adopting the Daily Planet as the title of their newspaper and in its publication, intended to at least confuse, if not to deceive the public as to the origin of the publication.

Defendants made much of plaintiff's failure to diligently police its mark during the period defendants were publishing and distributing their version of the Daily Planet. They premise their argument, at least in part, on the fact that during its brief history, the Daily Planet ran over 50-full page advertisements for plaintiff's corporate parent Warner Communications. Defendants conclude that this put plaintiff on notice of their use of the Daily Planet and under the doctrine of laches, plaintiff is

precluded from the equitable relief sought in this action. I disagree.

[12] [13] Even assuming, *arguendo*, that the knowledge of persons at Warner Communications could be imputed to the plaintiff⁸ and establish the necessary elements for laches, it cannot be asserted by the defendants herein. Indeed, as stated above, there is substantial evidence on the record before me tending to prove that defendants' use of the Daily Planet was, *ab initio*, part of a scheme to trade on the good will and business reputation that plaintiff (and its predecessor) had built around the Superman story. In short, defendants have unclean hands and have had such from their first use of the name Daily Planet. Thus, under the settled principles of equity defendants may not prosper from their own wrongdoing and are precluded from asserting the defense of laches.

Moreover, while plaintiff may have been somewhat less than diligent in policing its *850 mark, in light of the local

appeal and limited distribution (geographic and numeric) of defendants' publication, I am not convinced that their lack of diligence was so great as to warrant loss of their trademark.

In light of the foregoing, the defendants' continued use of the Daily Planet is likely to cause irreparable injury to plaintiff's business reputation, good will and to its common law trademark.

Accordingly, defendants' motion for preliminary relief is denied and plaintiff's motion for a preliminary injunction is granted.

So ordered.

All Citations

465 F.Supp. 843, 201 U.S.P.Q. 99, 4 Media L. Rep. 2133

Footnotes

- 1 The complaint also names Michael Barkow and Future Development Merchandising, Inc. as defendants. Mr. Barkow, a former employee of Future Development Merchandising, Inc., notified the Court that it was his belief he was not a proper party to this action and has decided not to make an appearance in the action. Similarly, Future Development has not entered an appearance.
Suffice it to say, that these parties have not been named in the motions for preliminary relief now before me and are unnecessary for the determination thereof.
- 2 Defendants classify their news publication as an "alternate culture" publication which focused primarily upon the socioeconomic and political problems of the "crisis-worn era of the late sixties and early seventies." Defendants' Memorandum of Law at 3.
- 3 Warner Communications has not been made a party to the instant action and, therefore, defendants' motion for injunctive relief reaches only plaintiff's use of the Daily Planet.
- 4 Plaintiff's interest in the news column contained in the Superman comics, however, is not as firmly established. The column first appeared in 1966. It was presented in only one issue at that time. Thereafter, the second publication of the Daily Planet column appeared in one issue in 1970. It has only been in the past three years that it has become a regular feature in the Superman comics.
- 5 Accordingly, the fact that plaintiff never published an actual paper entitled the Daily Planet is neither a barrier to the instant suit nor to preliminary equitable relief.
- 6 Shepard Goldman has been an employee of the Callahan Research Association for the past two years. As such, he has conducted many "consumer surveys" calculated to measure consumer awareness on one subject or another. He personally conducted a "consumer survey" calculated to measure the "awareness of the name Daily Planet." The overwhelming response indicates an association of the Daily Planet with the Superman character.
While I do not construe this survey as dispositive of a likelihood of confusion at the consumer level concerning the Daily Planet, it is some evidence of such confusion.
- 7 Metropolis is "the resident city of Superman and the scene of the vast majority of his adventures." See *The Great Superman Book, The Complete Encyclopedia of the Folk Hero of America*, at 223. (Plaintiff's Exhibit 14 herein).
- 8 It is extremely doubtful that notice to Warner Communications can be imputed to plaintiff for purposes of invoking the doctrine of laches. Before a parent's knowledge will be imputed to its subsidiary, it must be shown that the parent's

employees informed of the infringement were under a duty to report that information to the subsidiary. See [Dawn Donut Co., Inc. v. Hart's Food Stores, Inc.](#), 267 F.2d 358 (2d Cir. 1959).

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