THE UNAUTHORIZED USE OF CORPORATE AND INDIVIDUAL IDENTITIES IN ADVERTISING: PUBLICITY AND PRIVACY RIGHTS IN A COMPETITIVE MARKETPLACE

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October 19-21, 2011
Baltimore, Maryland

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When has advertising been so simple and so pervasive? With the click of a mouse and the right software nearly anyone can create advertising. And there are so many forums for advertising — traditional media such as newspapers, magazines and TV, as well as internet media such as websites, blogs, Facebook and Twitter. Whether produced in-house or by an agency, the mechanics of advertising make the process easier and faster than ever, and ad placement opportunities expand daily. But with speed and opportunity come risks.

Regardless of the medium, advertising implicates intellectual property rights, including copyright, trademark and service mark, trade dress, and rights of privacy and publicity. Where another’s rights begin and end, the scope of protection, and subsequent right of use should concern every advertiser. Venturing into the murky waters of advertising without considering those rights risks being branded an outlaw — or at least losing an expensive lawsuit.

Consider, for instance, Charles Devore, U.S. Senate primary candidate in California. His campaign ads put him in the crosshairs of a musician’s Lanham Act, copyright, and publicity rights claims in *Henley v. Devore*. Devore’s internet campaign director came up with a great idea: he revised the lyrics of two Don Henley songs, *The Boys of Summer* and *All She Wants to Do is Dance*, recorded his own less-than-perfect renditions of both, then posted them on Devore’s campaign website and on YouTube. The campaign versions, “The Hope of November” and “All She Wants to Do is Tax,” targeted Barak Obama and Nancy Pelosi. Predictably, no one sought Henley’s permission to use his songs, an oversight for which the campaign ultimately paid. The *Henley* case is not ground-breaking, nor does it presage new directions. But the advertising practices it addresses are not uncommon, and the case provides a fascinating example of the interplay between the Copyright Act, the Lanham Act, and rights of privacy and publicity. In short, it answers the question, “Why this topic?”

An advertiser needs to know what’s fair and foul, whether it involves traditional media or online ads. This paper addresses the application of copyright, trademark law and rights of privacy and publicity on advertising practices, first in traditional media and then in electronic media. In each case, our objective is to provide guidance for the prudent advertiser.

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1 733 F. Supp. 2d 1144 (C.D. Cal. 2010).
2 Don Henley, *The Boys of Summer*, on *BUILDING THE PERFECT BEAST* (Geffen Records 1984).
3 Don Henley, *All She Wants to Do is Dance*, on *BUILDING THE PERFECT BEAST* (Geffen Records 1984).

4 By way of complete disclosure, we have attempted to limit this presentation to advertising-related situations, we favored appellate court opinions where available, and we have omitted questions involving extraterritorial applications of law and the enforcement of foreign marks in the U.S. As to the last topic, see, e.g., *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952); *Grupo Gigante S.A. de C.V. v. Dalo & Co*, 391 F.3d 1088 (9th Cir. 2004); *ITC Limited v. Punchgini, Inc.* 482 F.3d 135 (2d Cir. 2007); and *Int’l Café, S.A.L. v. Hard Rock Café Int’l, Inc.*, 252 F.3d 1274 (11th Cir. 2001).

5 Advertisers and their lawyers would be well-served by consulting the Federal Trade Commission’s website, which offers a number of practical guides for advertising. Among the various rules and guidelines adopted by the FTC is the FTC’s “Guides Concerning the Use of Endorsements and Testimonials in Advertising.” The Guides can be located on the FTC’s website, www.ftc.gov. The Guides offer a series of position statements, examples and practical pointers for the use of endorsements in advertising. The scope of the Guides is very broad, with the Guides having been recently
I. COPYRIGHTS

Copyright is perhaps the least well-understood intellectual property right. But with the ready availability of images, copy, art, music and film for potential advertising use, copyright law is marching into the public consciousness. In the Henley case, for instance, Don Henley’s first reaction upon discovering Devore’s posting of “November” was to send a take down notice to YouTube under the Digital Millennium Copyright Act (”DMCA”), with which YouTube promptly complied. But in an example of unparalleled (and perhaps foolish) chutzpah, the Devore campaign sent a counter notification, demanding that the “November” video be reposted as a fair use “parody” of Henley’s creation. In the meantime, the campaign also posted the “Tax” video. Only then did Henley resort to copyright litigation.

Did Devore’s staff improperly use Henley’s songs to plug the candidate? Henley’s copyright infringement claim required proof of two elements – ownership of a valid copyright and copying of protectable expression. A copyright certificate is *prima facie* evidence of validity, but of course the inquiry doesn’t end there. Copyright protection is not available for every creation.

A. Scope and Ownership

1. Subjects of Copyright

The Copyright Act protects the rights of authors in “original works of authorship,” including literary works, musical works (including lyrics), dramatic works, pantomime and choreographic works, pictorial works, graphic works, motion pictures and other audiovisual works, sound recordings and sculptural works, from the moment the work assumes a “tangible form.” Even limited originality will usually render a work worthy of copyright protection. But originality there must be, and the plaintiff failed to demonstrate it in *Acuff-Rose Music, Inc. v. Jostens, Inc.*

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8 17 U.S.C. § 410(c) (2005). *But see Universal Furniture Int’l, Inc. v. Collezione Europa USA, Inc.*, 618 F.3d 417, 420 (4th Cir. 2010) (“[T]he Copyright Office’s practice of summarily issuing registration certificates (perhaps even the day of filing . . . ) counsels against placing too much weight on registrations as proof of a copyright.”).

9 17 U.S.C. §§ 101 et seq.

10 As to when a work assumes a “tangible form,” see, e.g., *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, No. 08-cv-06229-FMC-MANx, 2008 U.S. Dist. LEXIS 119563 (C.D. Cal. Dec. 16, 2008), aff’d, 636 F.3d 1115 (9th Cir. 2011), discussed *infra*. The Copyright Act includes many, many sections addressing concerns directed to specific types of works, the nuances of which are beyond the scope of this article. The practitioner is advised to peruse the Copyright Act carefully for such provisions.

11 155 F.3d 140 (2d Cir. 1998).
Jostens is well-known to high school and college alumni as a purveyor of custom school rings. Its decision in December 1992 to launch an advertising campaign featuring the slogan, “If you don’t stand for something, you’ll fall for anything,” preceded by the introduction, “The song says it best,” roused the ire of Acuff-Rose. Acuff-Rose owned registered copyrights in Aaron Tippin’s song “You’ve Got To Stand For Something,” which included the repeated lyric, “You’ve got to stand for something, or you’ll fall for anything.” Receiving no satisfaction in response to its cease and desist demand to Jostens, Acuff-Rose sued for copyright infringement.

The dispute over the slogan entangled the court in the history of the repeated lyric, Jostens arguing that it was an “old saying” and Acuff-Rose arguing that it was an original work. Facing abundant evidence produced by Jostens supporting prior uses of the phrase (including an earlier-recorded song by John Cougar Mellancamp), Acuff-Rose’s protestations withered. The phrase could not be protected by copyright.

A work that is independently created is subject to copyright protection even if it is identical to the work of another independent creator: if “two poets, each ignorant of the other, compose identical poems [then] [n]either work is novel, yet both are original and, hence, copyrightable.” A work that is independently created is subject to copyright protection even if it is identical to the work of another independent creator: if “two poets, each ignorant of the other, compose identical poems [then] [n]either work is novel, yet both are original and, hence, copyrightable.”12 Unlike patent rights, a valid copyright does not entitle the holder to exclude others from independently creating the same work. The linchpin, of course, is whether the creation was truly independent.

That a work is derivative of an original, copyrighted work may provide the basis for an attack on originality of the derivative work. The defendant in Ets-Hokin v. Skyy Spirits, Inc., hired Ets-Hokin to photograph a vodka bottle for an advertising campaign. Ets-Hokin licensed only limited rights to Skyy and otherwise retained all rights in his work. The defendant ostensibly rejected the work, but later Skyy ads displayed it.

Skyy defended the photographer’s copyright infringement claim by asserting that Ets-Hokin’s works were derivative of the Skyy bottle itself (the alleged pre-existing work). If Ets-Hokin’s works were derivative, the scope of his copyrights would be limited to only the original material he contributed to the pre-existing work, and the burden of proof would shift to him to demonstrate copyright validity. In other words, his burden of proof would increase, and the scope of his copyright protection would narrow.

But the Ninth Circuit rejected Skyy’s argument. The derivative work defense applies only when the pre-existing work itself is copyrightable, and utilitarian objects are not subject to copyright protection.15 Copyright extends only to ornamental features, which must be physically

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13 225 F.3d 1068 (9th Cir. 2000).

14 A claimant can demonstrate the validity of his copyright in the derivative work by establishing (1) that the differences between his work and the pre-existing work are more than trivial, and (2) that his copyright would not interfere with the copyright holder’s rights to create derivative works based on the original.

15 17 U.S.C. §§ 101–102(b) (2005). As the Court explained in Incredible Techs., Inc. v. Virtual Techs., Inc., 400 F.3d 1007 (7th Cir. 2005), discussed infra, Section 101 excludes utilitarian features and describes a useful article as “an article having an intrinsic utilitarian function.” The distinction (and exclusion) is to demarcate the area between patent and copyright law. Functional features are generally in the realm of patent law, an article with both utilitarian and functional features perhaps being eligible for a design patent. But copyright protection is not available for functional elements, including Incredible’s trackball system.
or conceptually separable from the utilitarian features of an object. The Skyy bottle lacked any such features. Nor did the plaintiff’s work lack originality. Ets-Hokin’s photographs met the low standard of originality and were proper subjects of copyright protection. In its opinion, the court explored the history of photography and evolution of photographic copyright law: who knew that in 1865 Abraham Lincoln signed into law a statute granting photographs and negatives copyright protection, or that the landmark case of Burrow-Giles Lithographic Co. v. Sarony, involved a photograph of Oscar Wilde? The “types of decisions Ets-Hokin made about lighting, shading, angle, background, and so forth” supported originality. “Skyy’s position that photographs of everyday, functional, noncopyrightable objects are subject to analysis as derivative works would deprive both amateur and commercial photographers of their legitimate expectations of copyright protection.” Skyy could not overcome the presumption of validity afforded by the plaintiff’s copyright certificate.

The Ets-Hokin approach is not universally accepted. As the court observed in FragranceNet.com, Inc. v. Fragrance.com, Inc., courts are split on whether photographs of a copyrighted work are properly considered derivative works. Finding it unnecessary to determine the issue on a motion to dismiss, that court nevertheless noted that “images of a third party’s intellectual property may receive less protection than a completely original work.” Architectural plans are subject to copyright protection as are sculptural works. But does the statute obligate someone photographing a building or a skyline to obtain a license to do so? Andrew Leicester, an artist who designed towers for a courtyard space, certainly hoped the answer was yes. But the court rejected his claim in Leicester v. Warner Brothers.

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16 The Seventh Circuit defined the separability test in Pivot Point Int’l, Inc. v. Charlene Prods., 372 F.3d 913, 931 (2004): “Conceptual separability exists . . . when the artistic aspects of an article can be conceptualized as existing independently of their utilitarian function.” (quoting Caroa Barnhart, Inc. v. Economy Cover Corp., 773 F.2d 411, 418 (2d Cir. 1985)). As the Court observed in Masquerade Novelty, Inc. v. Unique Indus., Inc., 912 F.2d 663, 670 (3d Cir. 1990), referring to the separability issue, “Courts have twisted themselves in knots trying to create a test to effectively ascertain whether the artistic aspects of a useful article can be identified separately from and exist independently of the article’s utilitarian function.”

17 111 U.S. 53 (1884).


19 Ets-Hokin, 225 F.3d at 1081. The Court declined to decide the derivative works issue at the dismissal stage in Craig Frazier Design, Inc. v. The Zimmerman Agency, No. C 10-1094 SBA, 2010 U.S. Dist LEXIS 107170 (N.D. Cal. Sept. 27, 2010), a case involving allegedly derivative AFLAC ducks. Originality, hence copyrightability, can reside in such graphic nuances as lighting, shading, angle, background, and similar choices. Under the minimal threshold for originality, the Court observed, “the vast majority of works make the grade quite easily, as they possess some creative spark, no matter how crude, humble or obvious it might be.” Id at *9 (citation omitted).

20 679 F. Supp. 2d 312 (E.D.N.Y. 2010).

21 Id. at 323.


24 232 F.3d 1212 (9th Cir. 2000).
Copyright protection for architectural plans does not prohibit photos, paintings or other pictorial representations of the actual building in which the work is embodied and which is ordinarily visible from a public space. Warner Brothers' use of Leicester's creation in a film thus did not offend the Copyright Act.

Copyright protection attaches only to the expression of an idea, not the idea itself. Whether Robert Cabell claimed an idea or copyrightable original material was a key issue in Cabell v. Sony Pictures Entertainment, Inc. Cabell is the author of several Jayms Blonde spoof spy novels. The cover of one of them, The Hair-Raising Adventures of Jayms Blonde: Project Popcorn (2007), features a live model with blonde hair, arms outstretched, pointing a gold-colored hairdryer which doubled as an actual weapon. Cabell registered copyrights in the works, and didn't find it amusing that Sony Pictures' ads for the film You Don't Mess with the Zohan depicted Adam Sandler, as the Zohan, in a similar pose, wielding a blow dryer like a weapon. Cabell sued for copyright infringement, but suffered dismissal of his claims.

The court doubted that the images claimed by Cabell were protectable at all. Echoing the rule that copyright protects the original expression of an idea, and not the idea itself, the court noted that its task must begin by separating copyrightable from non-copyrightable matter: “public domain trees [must] be left out of the forest.” Wielding a hair dryer as a weapon and the characters' fighting poses were unprotectable ideas. And Sony's expression of those ideas differed from Cabell's, Zohan using a real hair dryer with glowing red elements and Blonde using an Uzi disguised as a blow dryer. The lack of substantial similarity between the remaining elements of the depiction of Zohan and that of Blonde helped doom Cabell's claim.

Stock or standard elements of a work may also escape copyright protection, as became evident in Incredible Technologies, Inc. v. Virtual Technologies, Inc. Incredible had a gold mine in its Golden Tee video golf game, described as “one of the most successful coin-operated games of all time, beating all kinds of classic games like PAC-MAN and Space Invaders.” But that was before the PGA Tour® game arrived on the competitive scene. Perceiving similarities between its game and PGA Tour®, Incredible Technologies sued for copyright and trade dress infringement, focusing on the similarities in the trackball, video imagery, and control panel expressions incorporated into the two games. Despite the plaintiff's copyright registration, the court concluded that the trackball was utilitarian, hence not copyrightable, and that the golf imagery was excluded from copyright protection by virtue of the scenes a faire doctrine. Scenes a faire refers to indispensable or standard incidents, characters, settings and other predictable

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25 Baker v. Selden, 101 U.S. 99 (1879). Judge Learned Hand described the continuum between ideas and the original expression of ideas in Nichols v. Universal Pictures Corp., 45 F.2d 119, 121 (2d Cir. 1930): “Upon any work . . . a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the [work] is about, and at time might consist only of its title; but there is a point in this series of abstractions where they are no longer protected, since otherwise the [author] could prevent the use of his ‘ideas,’ to which, apart from their expression, his property is never extended.”


27 Columbia Pictures 2008.

28 Cabell, 714 F. Supp. 2d at 459 (citations omitted).

29 400 F.3d 1007 (7th Cir. 2005).

30 Id. at 1009.
elements. In a video golf game, depictions of golf imagery are undoubtedly a necessary component, excluding them from copyright protection.

Literary characters, issues of public domain and corporate reorganizations, transfers and mergers presented thorny issues in *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.* At 80+ years old, that paragon of cartoon virtue Betty Boop, whom the court explained was “not a party to [the] action,” found herself in copyright purgatory. She must have cringed as her fate was debated. Was she protected by copyright, or had she fallen into the public domain? Who owned the copyrights?

A reincarnated Fleischer Studios, owned by relatives of the originator of the Betty Boop character in the 1930s, sued the defendant for copyright and trademark infringement based on the defendant’s use and licensing of the character for advertising, merchandise and the like. But the case ultimately turned on issues that had very little to do with the defendant. The court never got beyond whether the new Fleischer Studios owned a valid copyright in Betty Boop.

Literary characters pose difficult copyright issues. Copyright protection may attach to a character if it is “the story being told” or, for visually depicted characters, if it is “sufficiently delineated.” The character must be fixed in a tangible form, e.g., appear several times in various presentations with consistently portrayed attributes. Cartoon characters such as Miss Boop receive somewhat more favorable treatment, due to their “physical [and] conceptual qualities.” A literary character may be subject to copyright protection independently or as a component of a protectable work. In this case, the court focused on Betty’s depiction as a component of protectable works — cartoons and comic booklets, and reviewed the depictions of Betty Boop in *Dizzy Dishes* and *Silly Scandals.* Somewhere between those two dates, the court concluded, Betty “displayed consistent, widely identifiable traits” warranting copyright protection. That her name changed and her dog ears weren’t replaced with earrings until later in 1931 did not dissuade the court from its decision that Betty Boop’s “specific qualities” were sufficiently fixed prior to July 1, 1931 (copyright date of one of the cartoon booklets) to warrant copyright protection as a component part of the cartoon films copyrighted prior to that date.

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31 Literally, “scenes to be done.”


33 *Id.* at *5.

34 *Fleischer Studios, supra,* at 24–25.

36 *Id.* at 22.

36 Paramount Pictures© 1930.

37 Paramount Pictures© 1931.

38 *Fleischer Studios, supra,* at 30.
2. Ownership and Control

In Fleischer Studios, Inc. v. A.V.E.L.A., Inc., supra, the district court held that the aging Ms. Boop was swaddled in copyright protection. But who owned the rights? That proved to be a mystery solved only by a close inspection of the history of the original Fleischer Studios, two 1941 assignments by Fleischer to Paramount, a series of assignments by Paramount dating from the mid-1950s, Paramount’s 1955 assignments to UM&M TV Corp., a 1958 assignment by Paramount to Harvey Films, Inc., and Paramount’s 1980 quitclaim to CBS, Inc. – all of which included various Betty Boop works and/or rights. The tangled web of ownership presented by the new Fleischer, perhaps unsurprisingly, did not convince the court that Fleischer owned any copyrights, and the defendant’s Motion to Dismiss the copyright claims was granted.39

Deciding the Betty Boop issues required investigation into eight decades of productions in various media and an equal term of contracts, and the case surely represents unusually complicated ownership and copyright protection issues. Claims involving poorly drawn (or absent) agreements are far more frequent. Contract issues typically swirl around whether an agreement established rights in the claimant, the extent of those rights, and whether the defendant exceeded the rights granted.

In keeping with its well-known reputation for reliability,40 Timex was happy to continue using film footage of whitewater kayaking in exotic locales in one of its promotional campaigns, long after its license to do so had expired. The licensor sued for copyright infringement in Polar Bear Productions, Inc. v. Timex Corp.41 Having no defense except to attack the plaintiff’s entitlement to damages under 17 U.S.C. Section 504, Timex did so. But liability for infringement was clear. Moral: Keep on ticking it should, but not beyond the license terms.42

Although the owner of a copyright is generally its author, the “work made for hire” doctrine provides two exceptions: (1) when a work is prepared by an employee within the scope of his employment; or (2) when certain categories of works are specially ordered or commissioned and the parties agree in writing that the work is made for hire.43 In either such case, the employer or commissioning party is deemed to be the owner of the work.44 Despite its concise description here, the “work made for hire doctrine” is sometimes complex, incorporating

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40 Timex’s famous and incontestable mark is IT TAKES A LICKING AND KEEPS ON TICKING®, Reg. Nos. 1,585,550 and 1,823,795.


42 See also Video Pipeline, Inc. v. Buena Vista Home Entm’t, Inc., 342 F.3d 191 (3d Cir. 2003) (use of licensed material beyond license term).

43 17 U.S.C. § 101. In Cmty. for Creative Non-Violence v. Reid, 490 U.S. 730 (1989), the Supreme Court, affirming an opinion by its future Justice Ruth Bader Ginsberg, concluded that the “commission” exception applies only if the work in question is among the categories of works expressly listed in the statute, namely, a contribution to a collective work, audiovisual work, a supplement, translation, instructional text, test (or test answer) or atlas.

the concepts of agency, the hiring party’s right to control the manner by which the material is produced being the central inquiry. As the Supreme Court explained in Nationwide Mutual Ins. Co. v. Darden, “all of the incidents of the relationship must be assessed and weighed with no one factor being decisive.”

Donen v. Paramount Pictures Corp. reflects one typically convoluted situation, conflating the work made for hire doctrine and issues of assignment. Paramount licensed the Gap to use Audrey Hepburn’s dance scene from Funny Face to advertise women’s pants. Stanley Donen, director of Funny Face, apparently disapproved of Paramount’s decision and sued Paramount for copyright infringement. Whether Donen’s claim was barred by the “work made for hire doctrine,” as Paramount argued, was a key issue. Donen was actually employed by Loews, not Paramount, but Loews “loaned” Donen to Paramount to direct Funny Face. His Loews employment agreement (which permitted Donen’s loan to third parties) granted Loews rights in Donen’s work, but was ambiguous as to whether he had assigned Loews rights to permit third parties to use the works. The contract did not explicitly “assign, transfer or otherwise encumber” Donen’s rights, and the “work made for hire” doctrine did not preclude Donen’s standing to sue for copyright infringement.

Copyright transfers or assignments must be in writing, but casual writings are dangerous. Raga Vergara Hermosilla came to regret an email exchange he had with Coca-Cola’s representative in Hermosilla v. Coca-Cola Company. Vergara adapted Spanish lyrics to Wavin’ Flag, a song Coke wanted to incorporate into an ad campaign. Vergara asked for payment as an adapter, then decided he would transfer his rights in exchange for adapter credits. When a written contract arrived that excluded the credit provision, Vergara attempted to withdraw his acquiescence. But the deal was done, the court concluded. Transfer of copyrights requires a writing, and the emails between Vergara and Coke’s representative were sufficient. Coke and Vergara were stuck with the deal they struck online.

Contrary to copyright transfers and assignments, licenses may be written, oral or implied. In particular, the unclear rights of consultants frequently muddy the copyright waters. A common fact pattern is that a company engages an ad agency, an artist, or some other supplier, moves ahead with the work, and then discovers that the written agreements don’t exactly cover the work, the company’s ownership of the work, or the use of the work. Ex-post facto efforts to cover deficient contracts are often problematic. In Thomsen v. Famous Dave’s of America, Inc., the franchisor discovered too late that its right to use and reproduce the signage the

45 See, e.g., JustMed, Inc. v. Byrne, 600 F.3d 1118 (9th Cir. 2010); see also Estate of Hogarth v. Burroughs, 342 F.3d 149 (2d Cir. 2003) (finding work for hire from company’s right to direct and supervise illustrator).
48 Paramount Pictures 1957.
49 The statute exempts transfers that occur by operation of law from the writing requirement.
51 K’NANN, Wavin’ Flag, on TROUBADOUR (A&M/Octone 2009).
52 640 F. Supp. 2d 1072 (D. Minn. 2009).
plaintiff had designed for it was in doubt. Luckily, Famous Dave’s was able to negotiate a settlement agreement with the provider, and despite the provider’s later misgivings about that agreement, the court concluded that it effectively decided the issue. After negotiations and one lawsuit, Famous Dave’s rights were secured.

Absent any writing, a non-exclusive copyright license may be implied where (a) the licensee requests creation of the work; (b) the licensor makes that work; and (c) the licensor delivers the work to the licensee, intending that the licensee copy and distribute it.\(^{53}\) The devil of enforcing an oral or implied license, however, is in the details. In *Fodere v. Lorenzo*,\(^ {54}\) for instance, Compacstone USA, a defendant, hired Fodere to photograph product installations. Speaking in Spanish, Fodere and Lorenzo agreed that the photos could be used “para publicidad.”\(^ {55}\) Later discovering Compacstone’s wide usage of the photos, Fodere sent an invoice that contained explicit permission for “unlimited use,” but the defendant never responded. Fodere sued for copyright infringement, and the defendant asserted a valid license. The dispute focused on the scope of the license, which both parties agreed was oral. Testimony of the parties predictably differed, but the court ultimately found that an oral non-exclusive license permitted the defendant to use the photographs in advertisements.

*Atkins v. Fischer*\(^ {56}\) is another instructive example. Fischer, the owner of a brewing company, hired the plaintiff to design a six-pack carrier and bottle for his new Redneck Beer. The first stage of the work required Atkins to create illustrations, and the second stage moved into final logo development. Fischer cancelled the contract after the first phase. But Atkins noticed that the designs that Fischer ultimately used were remarkably similar to her designs and filed a complaint for copyright infringement. The written agreement apparently reserved rights to Atkins, but Fischer argued that Atkins’ knowledge and acquiescence in Fisher’s use of the work at a Las Vegas beer convention constituted a non-exclusive license to use the design in product packaging. Although transfers of copyright are statutorily required to be written,\(^ {57}\) another section of the Copyright Act\(^ {58}\) excludes non-exclusive licenses from the definition of “transfer.” Atkins’ grant of a non-exclusive license to Fischer could be oral. The scope of the oral license, the court concluded, should have been submitted to the jury.

**B. Infringement and defenses**

A copyright owner maintains an exclusive bundle of rights to reproduce the work, prepare derivative works, distribute copies of the work, and perform and display the work publicly.\(^ {59}\) Any violation of any of these rights by a usurper infringes the rights of the copyright owner, subject to the user’s defenses.

\(\text{\textsuperscript{53}}\) *E.g., SmithKline Beecham Consumer Healthcare, L.P. v. Watson Pharmaceuticals, Inc.*, 211 F.3d 21 (2d Cir. 2000).


\(\text{\textsuperscript{55}}\) *Id. at *2.

\(\text{\textsuperscript{56}}\) 331 F.3d 988 (D.C. Cir. 2003).

\(\text{\textsuperscript{57}}\) 17 U.S.C. § 204(a).

\(\text{\textsuperscript{58}}\) 17 U.S.C. § 101.

1. **Infringement**

Copyright infringement necessitates proof of (a) plaintiff’s ownership of a valid copyright; and (b) copying by the defendant; or (c) where there is no direct evidence of copying, (i) access to the plaintiff’s work and (ii) substantial similarity in protectable expression between the plaintiff’s copyrighted work and the accused work.\(^{60}\) The stronger the proof of similarity, the lesser the required proof of access.

Bradley Maule took two photographs of the Philadelphia skyline, then added conceptual renderings of new buildings and watermarks and posted them on his website, www.phillyskyline.com.\(^{61}\) Philadelphia Media Holdings (“PMH”), publisher of two major Philadelphia newspapers, launched an ad campaign called “The Return of the Flying Pigs.” Glossy newspaper inserts depicted a pig flying across the Philadelphia skyline, which looked suspiciously like Maule’s photos, altered to remove the watermark elements. He sued for copyright infringement. In *Maule v. Philadelphia Media Holdings, LLC*,\(^{62}\) the court refused to dismiss Maule’s claim against PMH.

Maule’s copyright registration was *prima facie* evidence of validity, and the allegations of copying were adequately pled. The photos were readily accessible on Maule’s website, and PMH operated in a media environment. Whether the PMH material and Maule’s copyrighted photos were substantially similar (the second prong of copying proof) required the court to apply two specific tests – intrinsic and extrinsic, both of which must be satisfied. The intrinsic test asks whether a “lay observer” would find the similarities to be the result of unlawful or illicit copying; the extrinsic queries whether the works are sufficiently similar to conclude that copying occurred. Specific allegations by Maule supported both tests: the photos were taken from the same location; Maule’s renderings of new buildings were included in the PMH material; the watermarks were removed or replaced.\(^{63}\)

By contrast, Thomas O’Keefe’s copyright infringement case against advertising giant Ogilvy & Mather fell apart on the copying element in *O’Keefe v. Ogilvy & Mather Worldwide, Inc.*\(^{64}\) Mr. O’Keefe was an independent art director and graphic designer, doing business under the name “My Card. My Work.” In an attempt to find work he sent unsolicited promotional emails, including one to an executive at Ogilvy. The email invited a visit to O’Keefe’s website, which continued the slogan, displaying navigable links entitled: My Card/My Resume/My Work/My Client List. He also maintained a mycard/mywork.com Uniform Resource Locator (“URL”).

Sometime after Mr. O’Keefe sent his promo to Ogilvy, the American Express “My Life. My Card.” campaign, designed by Ogilvy, was launched, prompting O’Keefe’s copyright infringement complaint. No direct evidence of copying by Ogilvy being unearthed in discovery,

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\(^{63}\) See also *Murphy v. Millennium Radio Group, LLC*, No. 10-2163, 2011 U.S. App. LEXIS 11984 (3d Cir. June 14, 2011) (holding that removal of photographer’s credit line from image may violate § 1202 of the DMCA).

\(^{64}\) 590 F. Supp. 2d 500 (S.D.N.Y. 2008).
O’Keefe attempted to demonstrate copying circumstantially, through access and substantial similarity. But his evidence of access was tenuous at best. O’Keefe argued that his email was not “bounced back” to him, but the Ogilvy official to whom it was sent denied ever having seen it. Nor was that official in a position to influence the American Express campaign, which was being handled by personnel in a different Ogilvy office.

Evidence of similarity was no stronger. American Express and O’Keefe were in different businesses, and American Express did not use the “My Life. My Card.” campaign in connection with any business similar to O’Keefe’s. The closest use the plaintiff could identify was his www.mycardmywork.com website and American Express’ www.mylifemycard.com website. But beyond the URLs the sites differed in overall look and feel. The few similarities between O’Keefe’s work and the defendant’s were “not probative of copying,” the court concluded.65

2. Fair Use Defense

The statutorily-codified doctrine of “fair use,” limits a copyright owner’s rights, protects First Amendment rights of free speech, and is a potent defense to claims of infringement. The “fair use” of a copyrighted work, including reproduction for purposes of criticism, news reporting, teaching, scholarship or research, does not constitute infringement. Factors determinative of fair use include (1) “the purposes and character of the use” (i.e., whether the use is transformative or commercial); (2) “the nature of the copyrighted work” (i.e., informational or creative); (3) “the amount or substantiality” of the protected portion of the copyrighted work used; and (4) the effect of the secondary use on the market for the copyrighted work.67 The test is one of those maddeningly unpredictable exercises in which the Supreme Court revels: “The task is not to be simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for case-by-case analysis.”68

It was not until the 1994 case of Campbell v. Acuff-Rose Music, Inc.69 that the Supreme Court addressed an issue on which the Circuits were split — whether parody could be transformative70 fair use. When the pronouncement finally arrived, it did so against the backdrop of a rap song by 2 Live Crew, Pretty Woman.71 The song begins as a cover of the original Roy


68 Id. at 577 (citations omitted). Citing a New York district court, the Sixth Circuit commented in Princeton Univ. Press v. Michigan Document Servs., Inc., 99 F.3d 1381, 1392, (1996) that the fair use doctrine was “so flexible as to virtually to defy definition.” (citations omitted).

69 510 U.S. 569.

70 A “transformative” use adds something new, with a further purpose or different character, altering the original with new expression, new meaning or a new message. Id. at 579.

71 2 LIVE CREW, Pretty Woman, on AS CLEAN AS THEY WANNA BE (Lil’ Joe Records 1988).
Orbison hit, *Oh, Pretty Woman*, but quickly transforms in lyrics (one might say “deteriorates in lyrics”) and music to unmistakable rap.

The Supreme Court and the lawyers in the *Campbell* case must have taken pleasure in exercising their linguistic exegesis skills (many lawyers being former English majors). The fine points of parody — its definition, its defining characteristics, its objects and its effects — were consistent areas of exploration. Parody, the Court observed, of necessity must use enough of the original work to allow the observer/hearer to recognize the original work and the new work’s parodic intent. Parody is a comment on and transformation of the original work and, the Court concluded, a permitted fair use of the original.

In *Henley v. Devore*, Devore hoped to capitalize on the Supreme Court’s pro-parody stance in *Campbell* and argued that both “November” and “Tax” were fair use parodies. Not all parody is fair use, the court noted — “parody is not a binary question.” Caution must be exercised in accepting post hoc rationalizations of parody. As in *Campbell*, what ensued was an exegesis of satire versus parody that occasionally reached esoteric levels.

The analysis centered on the question of whether Devore was parodying Henley or attacking views held by Henley, the former arguably falling within the definition of transformative parody but the latter constituting satire rather than parody. “November” only implicitly targeted Henley, the court observed, but appropriated too much from Henley’s “Summer” to be protected fair use; its overriding purpose was satirical. “Tax” did not target Henley at all, constituted satire, and likewise failed to satisfy the four-factor fair use inquiry. Devore’s purpose was commercial; “November” was somewhat parodic, but “Tax” was satirical; both of Henley’s songs were extensively used; and a negative effect on the market could be perceived in a reluctance of advertisers and licensees to use songs that are associated with a particular product or cause. The “delicate balance” of the factors resulted in the court’s finding that neither “Tax” nor “November” was protected by the fair use doctrine. Henley prevailed on his copyright claims.

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73 733 F. Supp. 2d 1144 (C.D. Cal. 2010).

74 Id. at 1152.

75 These cases often depend on fine points that are usually discussed only by professors and graduate students in literary criticism (one of the authors used to be one). There seems to be no universal agreement among courts as to what constitutes parody and what constitutes satire. Anyone who wants to delve into such esoterica is invited to review LINDA HUTCHEON, *A THEORY OF PARODY: THE TEACHINGS OF TWENTIETH-CENTURY ART FORMS* (First Illinois 2000); and BRIAN A. CONNERY AND KIRK COMBE, *THEORIZING SATIRE: ESSAYS IN LITERARY CRITICISM* (Basingstoke: Macmillan, 1995).

76 Satire may qualify as fair use, the court noted, but it faces a higher bar because “it requires greater justification for appropriating the original work.” Id. at 1158.

77 Devore argued that political speech was not commercial. Noting that other courts have reached a different conclusion, the court rejected the argument, finding commercial use based on the benefit to Devore of exposure and political contributions. John McCain committed a similar sin in the most recent Presidential election, appropriating Jackson Browne’s song, *Running on Empty* for campaign use without seeking Browne’s permission. Browne, a well-known supporter of liberal causes, surely would not have given permission had it been requested. As did Devore, McCain unsuccessfully argued that political speech constituted fair use. *Browne v. McCain*, 612 F. Supp. 2d 1125 (C.D. Cal. 2009); Jackson Browne, *Running on Empty*, on *RUNNING ON EMPTY* (Asylum Records 1997).
Annie Leibovitz’s famous photograph of a pregnant, nude Demi Moore evokes Boticelli’s famous painting, *The Birth of Venus*. But Leibovitz was not amused when Paramount Pictures superimposed Leslie Nielsen’s face over Demi Moore’s and added the slogan “Due this March” as part of a teaser campaign for *The Final Insult*, an installment in the Naked Gun franchise. Leibovitz sued for copyright infringement, *Leibovitz v. Paramount Pictures Corp.*, and in defense Paramount successfully asserted fair use.

Of particular importance to the court’s analysis was the Supreme Court’s *Campbell* decision and the parodic nature of Paramount’s use of the Leibovitz photo. Paramount’s use of the work was transformative, adding something new and commenting on the Leibovitz work. In a sentence that seems to define Leibovitz’s public persona to perfection, the court wrote: “[The Paramount ad] may reasonably be perceived as commenting, through ridicule, on what a viewer might reasonably think is the undue self-importance conveyed by the subject of the Leibovitz photograph. A photographer posing a well known actress in a manner that calls to mind a well known painting must expect, or at least tolerate, a parodist’s deflating ridicule.” Despite its commercial purpose, the “strong parodic nature” of the ad tipped the balance decidedly on the first fair use factor. The second and fourth fair use factors were not persuasive in the *Leibovitz* case, but the third factor (extent of use) did merit discussion. Paramount copied the Leibovitz photo “to an extreme degree by the technique of digital computer enhancement,” more than was minimally necessary to evoke the original. But given the overriding purpose of parodying the original, the extensive use did not favor the plaintiff. Leibovitz’s claim was dismissed.

ON Davis designed and manufactured Onoculli eye jewelry, described as “sculptured metallic ornamental wearable art,” in *Davis v. Gap, Inc.* At first glance the jewelry looks like eyeglasses, but actually the frames support decorative, perforated metallic discs instead of lenses. Rather than ensuring acute vision, they effectively conceal the wearer’s eyes. The artist encouraged celebrities and entertainers to wear his designs on stage, fashion designers featured the eyewear in runway shows and fashion photographs, and boutiques and optical stores sold the highly distinctive eye jewelry. In the Gap’s 1996 “fast” ad campaign, one of the seven twenty-somethings (the central figure) wore Davis’ eyewear. When Davis sued for copyright infringement, the Gap unsuccessfully asserted a fair use defense.

Applying the four factor fair use analysis, the court concluded that there was nothing transformative about the Gap’s use of Davis’ creation (first factor). The eyewear was used exactly as Davis had intended it, and the Gap’s commercial use of the copyrighted eyewear to advertise its own fashions was entitled to “less indulgence.” The second factor, nature of the work, is rarely determinative, the court noted, and did not weigh heavily here. The Gap’s use of the entire work (the third factor) weighed against fair use, a fragmentary copying being more likely to have a transformative purpose. Reasoning from the Supreme Court’s decision in *Campbell*, the court defined the effect on the potential market factor (the fourth factor) as whether the secondary use lowered the public’s estimation of the original or offers itself as a

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78 *Naked Gun 33 1/3: The Final Insult* (Paramount Pictures 1994).
79 137 F.3d 109 (2d Cir. 1998).
80 *Id.* at 114–15.
81 *Id.* at 116.
82 246 F.3d 152, 156 (2d Cir. 2001).
market substitute for the original. In this case, the fourth factor weighed against fair use, because the Gap avoided paying Davis a fee for use of his creation. The Gap’s use thus supplanted a license to use the original. Fair use didn’t negate Davis’ infringement claims.

Video rental locations, whether brick and mortar or online, routinely display previews of the films they offer, a practice that was the subject of Video Pipeline, Inc. v. Buena Vista Home Entertainment, Inc. Video Pipeline functioned essentially as the agency, providing a stream of film previews to subscribers in physical locations and on-line. For some period of time Buena Vista Home Entertainment (a distribution entity owned by The Walt Disney Co.) licensed Disney trailers to Video Pipeline, which the latter then provided to its customers. But Buena Vista pulled the plug on the license, and the enterprising licensee decided to make its own “clip previews” by extracting and copying two-minute segments from copyrighted films. Its business continued using the clip previews until Buena Vista sued and the court entered preliminary injunctive relief. The Third Circuit affirmed, rejecting Video Pipeline’s fair use contentions. Of particular interest in the Video Pipeline case is the court’s analysis of factor four, the effect of the infringement on the market for the copyrighted material. Film clips were not likely to substitute for the entire film, and in fact were used for the specific purpose of encouraging viewers to see the film. But Video Pipeline’s film clips did supplant Disney’s own derivative works, namely the market for its film trailers. The potential market harm to Disney’s market for its derivative trailers weighed heavily in the court’s determination that Video’s use of the copyrighted material did not constitute fair use.

3. Other Defenses

Fair use is clearly one of the most important defenses to copyright infringement in advertising situations. But it is not the only one. Whether the underlying work is in the public domain may also be significant. Given Betty Boop’s senior status, the defendant’s claim in Fleischer v. A.V.E.L.A., Inc., that she had entered the public domain, was unsurprising. Examining the 1909 Copyright Act, the court defined two circumstances under which she might have lost copyright protection: (1) copyright renewals requirements were not satisfied; and (2) the work was published without a copyright notice. The court quickly dispatched the first grounds. But one Betty Boop poster had appeared without a copyright notice, fueling the defendant’s public domain argument. The argument was extinguished, however, when the court noted the lack of any evidence suggesting that the offending publication occurred prior to 1931. Besides, the court added, even if the poster had fallen into the public domain (due to lack of a copyright notice), Betty Boop as a component of the copyright-protected pre-July 1931 films had not.

C. Electronic Media

As in other legal disciplines, copyright law has occasionally struggled with new technologies. The explosion of online advertising is just one of many. Meshwerks, Inc. v. Toyota

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83 342 F.3d 191 (3d Cir. 2003).

84 The Court pointedly defined “trailers” as licensed previews. Id. at 195.


86 The 1909 Act was repealed by the Copyright Act of 1976. But a public domain defense will involve the relevant law at the time the material allegedly entered the public domain.
Motor Sales U.S.A., Inc., for instance, assessed the impact of copyright law on a new graphic form, digitized modeling. Toyota engaged Meshwerks to supply graphics for a new ad campaign. To create its wire models of various Toyota cars, Meshwerks collected precise data points for each vehicle, mapped those points on a computer grid, then used digital modeling software to create the models. Toyota sent Meshwerks’ digitized representations to its advertising agency, and the agency used them in the ads.

Meshwerks could not satisfy the first element of copyright infringement, ownership of a valid copyright, and the district court’s grant of summary judgment to Toyota was affirmed. What the plaintiff did, the court explained, was to copy precisely each Toyota car, then render the copied item in a new medium — in this case unadorned wire models. In order to claim a copyright in the digitized models, Meshwerks had to demonstrate that it did something more than accurately convey the underlying image. The change in medium alone was insufficient to support copyrightability.

In reaching its conclusion, the court was careful not to brand digital imaging as inherently antithetical to copyright protection. “A Luddite might make the mistake of suggesting that digital modeling . . . allows for nothing more than the ‘mechanical reproduction of the physical features or outlines of some object . . . and involves no originality . . . .’ Digital modeling can be, surely is being, and no doubt increasingly will be used to create copyrightable expressions.” Meshwerks simply did not do so here.

Online advertising raises a host of copyright issues, from the simple to the complex. Among the simpler issues is whether internet material is public domain. Lest there be any doubt, original website content is subject to copyright protection, as the defendant discovered in Fractional Villas, Inc. v. Tahoe Clubhouse. The defendant slavishly copied the plaintiff’s website, and his efforts were rewarded by the plaintiff’s copyright and trademark infringement claims, which survived a motion to dismiss. The cautionary tale is clear: Don’t copy someone’s website.

The defendant in Flowserve Corp. v. Hallmark Pump Co., Inc., learned the same painful lesson. Industrial pumps, valves and related products may not strike one as exciting visually. But to the Hallmark Pump Company, its competitor’s product photographs and descriptions seemed to be the perfect additions to its own website. A website development company hired by Hallmark appropriated Flowserve’s photographs and product descriptions, almost without change, then added them to Hallmark’s website. Flowserve demanded that Hallmark cease and desist its infringing activities, but the lack of speed with which Hallmark moved in response prompted the filing of a complaint.

Ownership was evident, but there was no direct evidence of copying. Copying was demonstrated by Hallmark’s easy access to Flowserve’s photos and text and the substantial

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87 528 F.3d 1258 (10th Cir. 2008).
88 647 at 1269 (citations omitted).
similarity of the materials on Hallmark’s website.\textsuperscript{91} No reasonable juror could reach any other conclusion, and judgment for Flowserve was warranted. Not only did Hallmark ignore Flowserve’s cease and desist communication, but when it finally agreed to act, it did so at the speed of molasses running uphill in January. The facts were so straightforward and the copyright violation so clear that the court took the relatively rare step of granting the plaintiff summary judgment.

Righthaven, LLC has developed a cottage industry of acquiring copyrights solely for the purpose of launching infringement suits when one of its clients’ print articles is re-published online.\textsuperscript{92} One of these involved the use of a previously-published article for advertising purposes. The defendant in \textit{Righthaven, LLC v. Realty One Group, Inc.}\textsuperscript{93} was a realty company. Its principal, Michael Nelson, ran an internet blog that included information regarding home ownership in Las Vegas. In May 2010, he posted a housing article that had appeared in the Las Vegas Review Journal, arguably to promote his realty business. The court nevertheless granted Realty One’s motion to dismiss on fair use grounds based on its analysis of the usual four factors. The purpose and use of the article (factor 1) was both commercial and educational; the nature of the copied portion (factor 2) was a news report; only the first eight sentences of the article were used (factor 3); and Nelson’s use of the work would have little or no effect on the market for the original Journal article (factor 4).

Screen shots, thumbnails, framing and other internet practices present more difficult issues. The defendant in \textit{Sony Computer Entertainment America, Inc. v. Bleem, LLC},\textsuperscript{94} developed a software emulator that allowed one to play Sony video games on a personal computer, rather than having to buy a Sony PlayStation. Sony wasn’t thrilled, because those buying the emulator would not need to buy Sony PlayStations; but, ironically, the emulator also encouraged increased purchases of Sony game disks. In its advertising for the emulator, Bleem

\textsuperscript{91} See also \textit{Green Bullion Fin. Servs., Inc. v. Money4Gold Holdings, Inc.}, 639 F. Supp. 2d 1356 (S.D. Fla. 2009) (finding that copying was demonstrated by access and substantial similarity, but mark too weak to warrant Lanham Act protection).


\textsuperscript{93} No. 2:10-cv-1036-LRH-PAL, 2010 U.S. Dist. LEXIS 111576 (Oct. 19, 2010).

\textsuperscript{94} 214 F.3d 1022 (9th Cir. 2000).
used screen shots from Sony’s games. Asserting that its video games were copyright-protected, Sony contended that the screen shots were likewise protected and sued for infringement. Bleem defended under a fair use theory.

Screen shots are “ubiquitous in the packaging of video games,” the court observed, the “slice of verisimilitude” providing the purchaser with a glimpse of what he can expect in the game.95 Bleem used the screen shots to depict the difference between a Sony game played, as Sony intended, on a television against a Sony game played on a PC using the emulator. Comparative advertising innately created tension between Campbell factor 1 (nature of use) and factor 4 (effect on the market for the original), but the public benefits of comparative advertising pushed factor 1 strongly in Bleem’s favor. Comparative advertising assists a consumer to make a rational purchase, encourages product development and innovation and tends to lower prices in the marketplace. Addressing factor 4, the effect on sale of Sony PlayStations, could not be ignored, but Bleem’s use of “a handful of screen shots” was likely to have only a de minimis effect on sales. Factor 3, the degree of copying, also favored fair use, the court noting that this factor will always weigh against the manufacturer because a screen shot is an insignificant portion of the entire copyrighted work. Factor 2 was unimportant to the analysis.

Balancing the factors, the court concluded that Bleem’s use of the Sony screen shots in comparative ads was fair use. But Bleem didn’t achieve a total victory. Fair use only applied if the comparison was between what PlayStation games actually look like on a TV screen and what they actually look like on a computer screen with an emulator. Bleem could not simulate the screen shot on a PC, e.g., by grabbing an image (the shot) from a Sony game played on a PC, then adjusting the resolution downward to simulate the game being played on a TV screen. The latter, the court reasoned, was not a fair use of Sony’s copyrighted material.

Kelly v. Arriba Soft Corp.96 tested the use of thumbnails and in-line linking. By now everyone who has performed an internet search is familiar with thumbnails. A search results in text hits, but in addition small, low resolution images, called thumbnails, may also appear. Clicking on the thumbnails links the searcher to a full-size image on a separate website (for these purposes the second website) that is usually not retained on the search engine’s server. In-line linking allows the second website to incorporate or “frame” a graphic from the source website into its website, thus appearing to the searcher as if the in-line graphic were an integral part of the second website.

Arriba operated a search engine that displayed thumbnails and employed in-line linking. Kelly, a professional photographer, objected to Arriba’s thumbnail display of his photographs of the American West. Kelly had licensed other search engines to display the photos, and displayed them on his own website as well, but he had not licensed Arriba to do so. The Ninth Circuit agreed with Arriba: the thumbnails constituted fair use.97

The fair use determination resulted from the court’s assessment of the four traditional fair use factors. The purpose (factor 1) was commercial, but was not highly exploitative of

95 Id. at 1025.
96 336 F.3d 811 (9th Cir. 2003).
97 In discussing the different uses of the thumbnails and the original full-size photos, the court cited Nunez v. Caribbean Int’l News Corp., 235 F.3d 18 (1st Cir. 2000), concluding that the defendant’s use of a modeling photo for news purposes was transformative. See also Perfect 10, Inc. v. Amazon.com, Inc., 508 F.3d 1146 (9th Cir. 2007).
Kelly’s original work. Arriba’s use was transformative, in that the provider’s low resolution, small images were used for a different purpose than Kelly’s photographs. The thumbnails were used to index and improve access to other websites containing the full-sized images. Thumbnails clearly had no artistic use (the purpose of Kelly’s photos), as enlarging the thumbnails resulted in a significant loss of clarity. The nature of the copyrighted work (factor 2) as previously-published via the internet weighted in favor of the plaintiff, but only slightly. Arriba copied the entirety of Kelly’s work (factor 3), but the court found such extensive use reasonable given the purpose of Arriba’s use. And there was little danger that Arriba’s use of the thumbnails would supplant the market for Kelly’s photographs (factor 4). In fact, the court noted, use of the thumbnails would direct searchers to, rather than away from, Kelly’s own website.

In contrast to Kelly, the court in Designer Skin, LLC v. S & L Vitamins, Inc.98 had no difficulty finding copyright infringement in the defendant’s use of smaller sized images of the plaintiff’s products. Designer Skin depicted its indoor tanning products in copyrighted electronic images on its website. S & L, an internet retailer, lifted those images from Designer’s website and pasted them into its own website, albeit in a smaller size. Designer’s ownership of a valid copyright was not an issue, but whether copying occurred received greater attention. Copying was demonstrated at trial by S & L’s access to Designer’s website; the ability to lift easily the electronic images from Designer’s website; and the identical appearance of the images (size excepted).

Why, one might wonder, did Kelly and Designer Skin reach different conclusions? The defendant in Kelly was a search engine, and the thumbnails were not stored on its server. Equally important, the thumbnails were of significantly lower resolution than the original works. The resolution of the small images in Designer Skin is unknown, but it was clear that they were stored on the defendant’s server — indeed, they had been incorporated into the defendant’s website. On such niceties the outcome of copyright litigation may depend.

D. Prerequisites to Enforcement

A successful copyright infringement action is not without its procedural challenges. Although copyrights automatically attach to a work once it is fixed in a tangible form,99 registration with the Copyright Office as a practical matter is a must. Although the owner of a common law (unregistered) trademark or service mark may file an infringement action under the Lanham Act, the owner of a common law copyright cannot. Registration is a prerequisite to a copyright infringement lawsuit,100 and equivalent redress is preempted.101 A copyright owner cannot circumvent the registration requirement by attempting to recast its claim under an equivalent state law theory.

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Preemption extends only to copyright “equivalents,” but equivalency can have long fingers. In *Laws v. Sony Music Entertainment, Inc.*\(^{102}\) for example, the court concluded that copyright law preempted the plaintiff’s common law right of privacy claims. Not every right of publicity is preempted, the court explained, nor does the Copyright Act destroy statutory rights of privacy or publicity generally, so long as those claims as asserted do not reach the subject matter of copyright laws but contain “qualitatively different” elements than a copyright infringement claim.\(^{103}\)

Federal copyright laws have no extraterritorial effect, a limitation that becomes problematic in internet advertising. Coco Bongo, a nightclub in Cancun Mexico, thought Jennifer Lopez’s video performance of “Let’s Get Loud” perfectly reflected the mood of the club, and used the video on its website, www.cocobongo.com.mx.\(^{104}\) Unsurprisingly, given its Cancun location, Coco Bongo attracted a great number of U.S. tourists. Its website appeared to target the U.S. tourist crowd, offering many interactive features, photos, ticket purchase features, etc. But Coco Bongo’s site also attracted the attention of Foreign Imported Productions, owner (or exclusive licensee) of the copyright in *Let’s Get Loud*,\(^{105}\) and litigation followed, *Foreign Imported Productions and Publishing, Inc. v. Grupo Industrial Hotelero, S.A.*\(^{106}\) Grupo Industrial, Coco Bongo’s parent company, moved to dismiss on personal and subject matter jurisdiction grounds.

Subject matter jurisdiction turned on whether the Copyright Act applied to the defendant’s website. Because U.S. copyright laws have no extraterritorial effect, district courts lack subject matter jurisdiction over infringing acts that take place “wholly outside” the U.S. As alleged, the court concluded, the actions asserted by the plaintiff were not “wholly outside” the U.S. Through the interactive website, the defendant distributed the infringing video into the U.S. and targeted U.S. residents, although the website was designed, maintained and owned outside the U.S.

II. TRADEMARKS AND SERVICE MARKS

Trademarks and service marks occupy far more comfortable territory for most franchise attorneys. But the limits they impose on promotional and advertising activities warrant ongoing review. In all media, and especially in internet use, what is legal and what is infringement is not entirely clear.

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\(^{102}\) 448 F.3d 1134 (9th Cir. 2006).

\(^{103}\) *Id.* at 1143–44. Courts may also refer to whether extra elements are present. *See also Amador v. McDonald’s Corp.*, 601 F. Supp. 2d 403 (D.P.R. 2009) (copyright preempts plaintiff’s unjust enrichment claim). The Copyright Act may even preempt other federal laws, depending on the precise phrasing of the claim. *See, e.g.*, *Fractional Villas, Inc. v. Tahoe Clubhouse*, No. 08cv1396-IEG-POR, 2009 U.S. Dist. LEXIS 4191 (S.D. Cal. Jan. 22, 2009) (copyright preempts Lanham Act false designation of origin claim, where the false designation claim was based on unauthorized copying).


\(^{105}\) *JENNIFER LOPEZ, Let’s Get Loud*, on ON THE G (Epic/Work Records 1999).

A. Scope and Ownership

A trademark is a word, name, symbol or design that is used to indicate the source of goods (or in the case of a service mark, services) and identify those goods or services from those of another. Non-traditional marks, including trade dress (e.g., shape, color scheme, etc.), color, and sound, have also been deemed registrable under the Lanham Act. Trademarks and service marks bear some characteristics in common with copyrights. For instance, a certificate of registration on the Principal Register is prima facie evidence of validity, and functional features are not amenable to trademark protection. Unlike copyright, however, federal registration is not a necessary prerequisite to a Lanham Act enforcement proceeding. Registered and common law (unregistered) trademarks and service marks are subject to Lanham Act protection.

Trademarks and service marks vary in distinctiveness from the coined (i.e. invented terms such as Exxon) to the descriptive, based on perceived ability to identify product source, and the protection afforded a mark varies accordingly. Descriptive marks require proof of secondary meaning to warrant Lanham Act protection, but suggestive, arbitrary and fanciful marks are presumed to be inherently distinctive.

Franchise attorneys usually — and wisely — counsel their franchisor clients to register the trademarks and service marks used in connection with the system federally. That the FTC Franchise Disclosure Rule requires a special disclosure by a franchisor that has not registered its franchise marks is telling. Important benefits accrue to the owner of a registered mark. Federal registration before use (an “intent to use” or “ITU” application) can establish national priority before actual use; registration provides nationwide notice of the existence, ownership and scope of the mark. Once a registration becomes incontestable (i.e. five years continuous use after the issuance of a federal registration), the registration becomes conclusive evidence of

107 BLACK’S LAW DICTIONARY (9th ed. 2009).


109 See, e.g., Registration No. 3,512,559 (blue for air filters); Registration No. 3,099,894 (purple for disposable gloves); Registration No. 3,707,623 (blue for Boise State football turf); Wolf Appliance, Inc. v. Viking Range Corp., 686 F.Supp.2d 878 (W.D. Wisc. 2010) (red knobs on ranges, grills and cooktops).

110 See, e.g., Registration No. 1,395,550 (roaring lion); Registration No. 2,821,863 (“You’ve got mail”); Registration No. 2,210,506 (Tarzan yell); Registration No. 3,618,322 (Darth Vader breathing).


113 The following disclosure is required in Item 13: “We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase expenses.” See FEDERAL TRADE COMMISSION, FRANCHISE RULE COMPLIANCE GUIDE 74 (2008).
the validity of the registered mark, the registrant’s ownership of the mark, and the registrant’s exclusive right to use the registered mark in commerce.\textsuperscript{114}

B. Infringement and Defenses

1. Infringement

Properly used and protected, trademark rights can be perpetual and afford the owner exclusionary rights over infringing users. Section 32 of the Lanham Act,\textsuperscript{115} prohibits the unauthorized use of any “reproduction, counterfeit, copy or colorable imitation” of a registered mark where such use is likely to cause confusion, mistake or public deception as to the origin, affiliation or sponsorship of the infringer’s goods or services by the mark owner. The infringing use must be in connection with the sale, distribution or advertising of goods or services, in which there is likelihood that the challenged use will cause confusion, mistake or will deceive the public.

The most ready examples of trademark infringement in advertising are the perennially-abundant instances of continued use of a franchisor’s trademarks after termination of a franchise. That such continued, unlicensed use constitutes infringement is rarely questioned, and preliminary injunctive relief from continuing infringement is widely afforded the franchisor.\textsuperscript{116} With increased reliance on electronic advertising, post-termination cases aren’t limited to interior and exterior signs, however. The ex-franchisee’s sin in \textit{Passport Health, Inc. v. Travel Med, Inc.},\textsuperscript{117} for instance, was post-termination use of the franchisor’s mark in a URL, which linked to the defendant’s new website. Infringement was evident, and the franchisor’s cybersquatting claim was remanded to determine franchisee’s bad faith.

Section 43(a) of the Lanham Act,\textsuperscript{118} affords another avenue of protection, prohibiting 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 that is likely to cause confusion, mistake or to deceive.\textsuperscript{119} A Section 43(a) claim of false endorsement or false designation of origin is demonstrated by (1) plaintiff’s ownership of a mark, (2) defendant’s adoption of the same or a confusingly similar mark, and (3) a likelihood of confusion regarding the affiliation, sponsorship, origin or source of goods or services, so that the consumer is likely to believe that the defendant is associated with or sponsored by the plaintiff.\textsuperscript{120}

\textsuperscript{115} 15 U.S.C. § 1114(1).
\textsuperscript{116} These cases are legion; see the “Intellectual Property” chapter of any year’s \textit{Annual Franchise and Distribution Law Developments}, an annual publication of the ABA Forum on Franchising.
\textsuperscript{119} 15 U.S.C. § 1125(a)(1)(A) Section 43(a) also prohibits false claims in association with advertising that misrepresents the “nature, characteristics, qualities, or geographic origin” of goods or services. False advertising claims are beyond the scope of this paper.
\textsuperscript{120} See, e.g., \textit{Facenda v. N.F.L. Films, Inc.}, 542 F.3d 1007 (3d Cir. 2008).
The crux of claims of infringement under Section 32 and Section 43(a) of the Lanham Act is the likelihood of confusion — whether the goods or services associated with the infringer’s mark are likely to be mistaken for the goods and services of the mark owner. The legal standards employed to determine the likelihood of confusion are essentially identical for both varieties of Lanham Act violation.

Courts typically engage in a multi-factor analysis in assessing likelihood of confusion in Lanham Act cases involving infringement of registered and unregistered marks, with no one factor being dispositive, taking into consideration such factors as: (1) strength or distinctiveness of the claimant’s mark; (2) similarity between the two marks; (3) similarity of goods or services the marks identify; (4) similarity of outlets or marketing channels; (5) similarity of advertising used by the parties; (6) defendant’s intent in adopting the mark; and (7) actual confusion in the marketplace. Statement of the relevant factors may differ in cases involving Section 43(a) claims of false designation of origin or endorsement, e.g., (1) level of plaintiff’s recognition among the segment of society for whom the defendant’s product is made; (2) the relatedness of the plaintiff’s fame or success to the defendant’s product; (3) similarity of defendant’s likeness to the actual plaintiff; (4) evidence of actual confusion, and the length of time of use before confusion arose; (5) marketing channels used; (6) likely degree of purchaser care; (7) defendant’s intent in selecting the mark; and (8) likelihood of expansion of the product line.

The precise articulation of the factors varies from circuit to circuit, but both Section 32 and Section 43(a) of the Lanham Act impact advertising practices.

a. Use of Celebrity or Mark

One tempted to use the identity of a celebrity in association with a product or service should cast a wary eye toward the Lanham Act. Use of a celebrity may falsely imply that he or she endorses the goods or services, a violation of Section 43(a). In *Downing v. Abercrombie & Fitch*, for instance, the court held that use of a photograph of the plaintiffs, famous Hawaiian surfers, in a catalog of surfing-related products could constitute false endorsement. The court explained that “[a] jury could reasonably find that Abercrombie intended to indicate to consumers that these legendary surfers were endorsing Abercrombie’s merchandise.”

“Elvis has not left the building.” That was just one of the advertising slogans the owner of “The Velvet Elvis” nightclub used to promote his business. The ads included references to

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122 *Facenda*, 542 F.3d at 1019–20 (citing *Downing v. Abercrombie & Fitch*, 265 F.3d 994 (9th Cir. 2001)).

123 Compare, e.g., *Haute Diggity Dog*, 507 F.3d 252 with *AMF, Inc. v. Steekcraft Boats*, 599 F.2d 341 (9th Cir. 1979); *Frisch's Restaurants, Inc. v. Elby's Big Boy*, 670 F.2d 642 (6th Cir. 1982); *Elvis Presley Enters. v. Capece*, 141 F.3d 188 (5th Cir. 1998); *Gruner + Jahr USA Publishing v. Meredith Corp.*, 991 F.2d 1072 (2d Cir. 1993); *Forum Corp. of North America v. Forum, Ltd.*, 903 F.2d 434 (7th Cir. 1990). As to proof of actual confusion, see, e.g., *Facenda*, 542 F.3d at 1021. (“In an action brought under sections 32 and 43(a) of the Lanham Act for trademark infringement, 15 U.S.C. §§ 1114(1) and 1125(a)(1)(A), plaintiff need not provide proof of actual confusion; he need only show a likelihood of confusion.”).

124 265 F.3d 994 (9th Cir. 2001).

125 *id.* at 1008. *See also Abdul-Jabbar v. General Motors Corp.*, 85 F.3d 407, 413 (9th Cir. 1996) (“Many people may assume that when a celebrity’s name is used in a television commercial, the celebrity endorses the product advertised.”).
Graceland and phrases like “The King Lives,” “Viva la Elvis,” and “Hunka-Hunka Happy Hour.” The Elvis theme continued inside the club, with menu items “Love Me Blenders” (a frozen drink) and “Your Football Hound Dog” (a hot dog) appearing under the caption “The King of Dive Bars.” Elvis’ birthday and death became club promotions, and Elvis impersonators appeared at the club. In short, it was all Elvis, all the time. Elvis Presley Enterprises, Inc. (“EPE”), assignee of all Elvis-related rights, was not amused. Its trademark infringement claim, initially rejected by the district court, bore fruit in *Elvis Presley Enterprises, Inc. v. Capece.* 126 The case was complicated by the registered trademarks owned by each party. EPE owned numerous “Elvis” marks, and Capece had registered “The Velvet Elvis.” 127 Many of EPE’s marks had long since become incontestable, but Capece’s mark had not. Although ownership of a registered service mark is *prima facie* evidence of the exclusive right to use the mark, registration didn’t preclude EPE from challenging the defendant’s rights. In fact, among the relief EPE requested was an order cancelling “The Velvet Elvis” registration.

Likelihood of confusion emerged as the critical issue, to which the usual multi-factor “digits of confusion” were applied. The district court had isolated consideration of the bar décor from advertising practices in its analysis, a practice that led to error. Advertising and promotional practices were highly relevant to the multi-factor analysis, the Fifth Circuit explained, even if Capece had ended most of those practices after suit was filed. 128 Capece argued that the décor and advertising were a parody of the “faddish, eclectic bars of the sixties.” Parody is not a defense, the court noted, but simply a potential factor in the confusion analysis: “[T]he cry of ‘parody!’ does not magically fend off otherwise legitimate claims of trademark infringement or dilution . . . . A non-infringing parody is merely amusing, not confusing.” 129 The court didn’t buy Capece’s parody argument; the alleged parody didn’t target Elvis, and Capece admitted that a parody of sixties’ bars didn’t require using Elvis’ name. Parody was thus an irrelevant element in the calculus of confusion. 130 Weighing all the factors, Capece’s deliberate association with Elvis in advertising, in addition to bar décor, indicated likely confusion. Despite Capece’s best efforts, Elvis finally left the building. 131

Let’s return to Don Henley’s case, *Henley v. Devore.* 132 In addition to his copyright claims, the singer-songwriter also asserted false endorsement under Section 43(a), based on

126 141 F.3d 188 (5th Cir. 1998).

127 When the defendant’s “The Velvet Elvis” mark was published for opposition by the PTO, EPE failed to file an Opposition in the Trademark Trial and Appellate Board (“TTAB”). *Id.* at 205.

128 “[C]essation of the infringing activity does not affect the determination of liability, but it may make an injunction unnecessary.” *Id.* at 198.

129 *Id.* at 198–99.

130 Actual confusion is one element of the multi-pronged analysis. In support of this prong, EPE introduced testimony by people who had entered the bar, believing it to be affiliated with Elvis. Upon entering, however, these witnesses admitted that they were disabused of that idea. The Court nevertheless found this “initial interest confusion” relevant and a factor favoring likely confusion. Initial interest confusion has gained traction in internet infringement cases, *see infra.*

131 *Cf. Little Caesar Enters., Inc. v. Pizza Caesar, Inc.*, 834 F.2d 568 (6th Cir. 1987) (franchisor’s evidence of confusion fails, despite strength of franchisor’s mark, similarity of products, and low consumer level of care in selection; court found marks “sufficiently distinct”).

132 733 F. Supp. 2d 1144 (C.D. Cal. 2010).
the less than dulcet vocal stylings of Devore’s campaign official in “November.” The Ninth Circuit recognizes a false endorsement claim based on “unauthorized imitation of [an individual’s] distinctive attributes, where those attributes amount to an unregistered commercial ‘trademark.’” But a performer cannot hold a trademark in his own musical performance. Drawing a distinction between the Henley case and Waits v. Frito-Lay, Inc., the court noted that in Waits the defendants imitated Tom Waits’ distinctive growl “in a manner leading consumers to believe that Waits was actually singing and endorsing their product.” There was no such danger in the Henley case: “no reasonable jury could find a likelihood that . . . Henley actually performed ‘November’ and ‘Tax.’” Devore defeated Henley’s Lanham Act claim on summary judgment.

Who would argue with the Voice of God? John Facenda’s deep baritone was the voice of the NFL until his death in 1984. He began his work, which earned him the “Voice of God” moniker, under an oral “per service” agreement with the NFL for years. But shortly before he died, he executed an agreement that gave the NFL broad rights to use audio and visual film that contained his voice “in perpetuity and by whatever media or manner NFL Films . . . sees fit, provided, however, such use does not constitute an endorsement of any product or service.” The scope of that agreement was tested in Facenda v. N.F.L. Films, Inc.

NFL Films later licensed EA Sports to produce video games using various NFL intellectual property, and its Madden NFL games became very popular. In connection with the upcoming release of Madden NFL 06, NFL Films produced a 22 minute film extolling the virtues of the game. The film contained three John Facenda voice clips, totaling about 13 seconds. Although internally NFL Films referred to the program as the “Madden Promo” or “the Advertisements,” it argued that the production was a documentary. NFL Films conceded that Facenda’s voice was distinctive and protectable; that Section 43(a) can protect a voice; and that Facenda’s estate owned relevant rights.

NFL Films argued that the Facenda contract barred the Estate’s claims, an assertion the district court rejected based on the promotional nature of the film. But the district court asked the wrong question, the Third Circuit explained. The contractual issue was whether John Facenda’s voice promoted a product, not whether the film did. The court turned to the likelihood of confusion, the usual multiple-factor trademark infringement test of confusion to the false endorsement claim. Finding questions of fact evident in the record on both the contract and Lanham Act claims, the court remanded the case.

133 Id. at 116 (quoting Waits v. Frito-Lay, Inc., 978 F.2d 1093, 1106 (9th Cir. 1992)).
134 978 F.2d 1093 (9th Cir. 1992).
135 Henley, 733 F. Supp. 2d at 1167.
136 Id. at 1168.
137 542 F.3d 1007, 1012 (3d Cir. 2008).
138 Before reaching the issue of confusion, the Court rejected NFL’s constitutional argument that its expressions were non-commercial, and that enforcement of the Lanham Act was thus limited by its First Amendment rights, noting the essentially promotional and advertising character of the film.
The rejuvenated franchisor in *Schlotzsky’s Ltd. v. Sterling Purchasing & National Distribution Co, Inc.*\(^{139}\) used Section 43(a) of the Lanham Act to wrest its service mark from a supplier. Schlotzsky’s went through bankruptcy in 2004 and emerged with a new owner in 2005. In the interim, the system faced serious challenges. Distributors were reluctant to continue supplying products to the franchisees, and maintaining the supply chain became problematic. The franchisees formed a franchisee association (SIFA), and SIFA engaged Sterling as a non-exclusive supply chain manager. Sterling obtained supply contracts for the system, but its excess enthusiasm, including promotional materials claiming that it acted exclusively for Schlotzsky’s, translated into misrepresentation. Sterling even insisted that suppliers pay it rebates. Sterling tried to negotiate itself into the exclusive position it claimed, but never succeeded. The new system owner, Schlotzsky’s Ltd., took over and terminated the relationship with Sterling. Even after termination, though, Sterling continued its actions, and by the time the franchisor sued, Sterling had collected $350,000 in rebates from Schlotzsky’s suppliers. The franchisor sued Sterling under Section 43(a) for false designation of affiliation. A jury found for Schlotzsky’s, but the trial court struck the damage award and entered extensive injunctive relief. Both parties appealed.

The appellate court apparently appreciated the challenges the franchisees faced during Schlotzsky’s times of stress. “Sterling was actually providing a service that allowed franchisees and distributors of products to be linked . . . [Its actions] were occurring during a period of intense financial distress for the company and the franchisees.”\(^{140}\) But tough times could not excuse Sterling’s overreaching conduct. Relying on the Supreme Court’s decision in *Dastar Corp. v. Twentieth Century Fox Film Corp.*,\(^{141}\) the court explained that Section 43(a) extends beyond mere trademark protection and reaches “causes of action grounded in allegations of false or misleading description of fact and false or misleading representation of fact.”\(^{142}\) Section 43(a) prohibited Sterling’s actions.

Ted Giannoulas achieved fame with his freelance promotional sports character “The Famous Chicken,” amusing baseball fans at venues throughout the country. He drew the ire of Lyons Partnership, the owner of the “Barney” franchise, when he added a character called “Duffy the Dragon” to one of his routines. The Chicken would “generally assault” Duffy, a character that Lyons thought bore a remarkable likeness to Barney, prompting some angry letters from parents whose children were upset by the skit. Lyons sued for trademark infringement, *Lyons Partnership v. Giannoulas*.\(^{143}\) Giannoulas considered the skit (and his use of Duffy) to be parody, an issue relevant to the confusion analysis. The parodic use was evident, the court concluded, in Giannoulas’ use of Duffy/Barney as a form of critique of society’s acceptance of the ubiquitous and insipid character. He evoked just enough of Barney to achieve his purpose and did not attempt to use Barney’s goodwill. The Barney mark was strong, but ironically the strength of the mark made the parody more effective. Parody is not an affirmative defense to trademark infringement, the court noted, but it should be considered in the calculus of confusion. The Famous Chicken’s attack on Duffy did not offend the Lanham Act.

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\(^{139}\) 520 F.3d 393 (5th Cir. 2008).

\(^{140}\) Id. at 400.

\(^{141}\) 539 U.S. 23 (2003).

\(^{142}\) Id. at 399 (citations omitted).

\(^{143}\) 179 F.3d 384 (5th Cir. 1999).
b. **Trade Dress**

Trade dress is difficult to define and difficult to protect. Trade dress is an amalgam of one or more ornamental elements — color, layout, tone, shape, packaging, décor, etc. — that has acquired secondary meaning sufficient “to identify the product with its manufacturer or source.”144 Some trade dress may be inherently distinctive, but qualities such as color or product design are rarely, if ever, inherently distinctive, as the Supreme Court explained in *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*145 Addressing Samara Brothers’ claims of trade dress in its line of clothing, the Supreme Court cautioned against over-extension of the doctrine: “[P]roduct design almost invariably serves purposes other than source identification.”146 Where the facts present a close issue, courts should require proof of secondary meaning, i.e., proof that the primary significance of the claimed trade dress is to identify the source of the product, not the product itself.

Despite the Supreme Court’s words of caution in *Wal-Mart*, the creative patent owner in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*,147 facing expiration of its patent rights, sued under a trade dress theory claiming its visible dual-spring mechanism identified its signs to consumers. The design of the product was so unique and distinctive, the expired patent owner argued, that it constituted trade dress protectable under Section 43(a). The court disagreed, concluding that (a) trademark law does not protect functional features (and the plaintiff’s expired utility patent was strong evidence of functionality);148 and (b) transforming patent rights into trademark rights would improperly extend the duration of a patent owner’s exclusionary rights. A feature is functional, the court explained, “when it is essential to the use or purpose of the device or when it affects the cost or quality of the device.”149

“Look for” advertising by a mark owner can enhance trade dress distinctiveness, but even that didn’t translate into victory for Yankee Candle in *Yankee Candle Co. v. Bridgewater Candle Co., LLC,*150 Yankee Candle saw an imitation of its vertical displays, catalog, product shapes and sizes, packaging elements and labels in Bridgewater’s products and promotions. Asserting that this combination of elements constituted its unique and protectable trade dress, Yankee Candle initiated an action under Section 43(a) of the Lanham Act.

To demonstrate trade dress infringement, Yankee needed to prove that the trade dress was used in commerce, non-functional and distinctive; that Bridgewater’s trade dress was similar; and that Bridgewater’s use of similar trade dress was likely to cause confusion among consumers as to product source. But Yankee Candle’s trade dress concerned itself with product

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146 *Id.* at 213.


149 *TrafFix Devices*, 532 U.S. at 33.

150 259 F.3d 25 (1st Cir. 2001).
design and configuration, categories that were not inherently distinctive. Yankee thus needed to show that its trade dress had acquired secondary meaning through use.

Yankee Candle pointed to its advertising campaign, its continuous and virtually exclusive use of its trade dress since 1995, the high sales figures for the specific product lines at issue, evidence from Bridgewater files showing that retailers recognized a resemblance between Yankee Candle and Bridgewater, testimony regarding distinctiveness, instances of actual confusion, and evidence of copying by Bridgewater. But the threshold of proof was high: “[P]roof of secondary meaning entails vigorous evidentiary requirements,” and Yankee Candle lacked survey evidence. Although the court acknowledged that such evidence is not absolutely required, “it is a valuable method of showing secondary meaning.”

Yankee’s candle was waning, but its “look for” advertising almost reignited the Section 43(a) claim. Advertisements that direct consumers to look for the product promote a conscious connection between the trade dress and the product’s source, the court observed, and may alone support a finding of secondary meaning. But Yankee Candle’s advertising fell short; it did not emphasize any particular element of Yankee Candle’s trade dress.

Some franchisors have successfully — and energetically — protected unique trade dress, however. Where a claimant’s trade dress is inherently distinctive, proof of secondary meaning is not required. That’s the wisdom of Two Pesos, Inc. v. Taco Cabana, Inc. Taco Cabana operated a chain of Mexican restaurants in Texas characterized by “a festive atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors. The stepped exterior of the building is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme.” In its findings, the jury concluded that Taco Cabana’s trade dress was inherently distinctive, but that it had not acquired a secondary meaning.

Based on what it saw as inconsistent rulings by the jury (and inconsistent precedent among the Circuits), Two Pesos argued that Taco Cabana’s claim must fail, based on the absence of secondary meaning. The Supreme Court disagreed. Because the jury had found Taco Cabana’s trade dress to be inherently distinctive, proof of secondary meaning was unnecessary. The Court admonished against confusing trademark coverage with commercial success. “To terminate protection for failure to gain secondary meaning over some unspecified period of time” based not on “failure of the dress to retain its fanciful, arbitrary or suggestive

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151 The court also concluded that Yankee Candle’s product labels (an alternate trade dress definition) likewise lacked inherent distinctiveness. Product labels might be inherently distinctive, but Yankee sought protection for labels on an entire line of products. “A trade dress plaintiff seeking to protect a series or line of products faces a particularly difficult challenge, as it must show that the appearance of the several products is ‘sufficiently distinct and unique to merit protection.’” Yankee Candle could not meet this challenge. Id. at 42–43.

152 Id. at 43 (citations omitted).

153 See, e.g., First Brands Corp. v. Fred Meyer, Inc., 809 F.2d 1378 (9th Cir. 1987).


155 Id. at 765 (citations omitted).
nature, but on the failure of the user of the dress to be successful enough in the marketplace . . . is not a valid basis to find a dress or mark ineligible for protection. The user of such a trade dress should be able to maintain what competitive position it has and continue to seek wider identification among potential customers." Taco Cabana’s trade dress was protected and infringed.156

Not every golfer will be able to play the 14th hole at Pebble Beach, the 3rd hole at Pinehurst, or the 18th hole at Sea Pines. But every golfer would love to. That was the premise behind Tour 18’s business model. Tour 18 copied these famous holes on their public courses and marketed itself as “America’s Greatest 18 Holes.” Its ads and promotional materials identified the copied holes, used the trademarks of the original courses, and referred to the famous holes by their common names. Some, but not all, of the ads and promotional materials disclaimed any affiliation or endorsement by the original courses. The disclaimers didn’t satisfy the owners of the original courses, resulting in claims for trademark and trade dress infringement.157 The plaintiffs had a rough time on trade dress issues, but prevailed on trademark issues.

Both trademark and trade dress issues were governed by the same legal considerations: whether the claimed mark or trade dress was protectable and whether Tour 18’s use of that mark or trade dress created a likelihood of confusion. Tour 18 predictably claimed that the holes were functional, precluding protection under the Lanham Act. Functionality turned on whether the design as a whole is superior to other designs. Citing Qualitex Co. v. Jacobson Products Co.,158 the issue was defined as whether the trade dress was essential to the purpose of the article.159 The court rejected Tour 18’s argument that the success of the original courses indicated superiority, reciting that commercial success is not at issue in the functionality inquiry. The holes were non-functional.

But while the famous holes may be Mecca to golfers, they were not inherently distinctive in the trademark sense. The Pebble Beach and Pinehurst holes had not achieved secondary meaning (and distinctiveness): “The configurations of the features in Pebble Beach and Pinehurst’s golf-hole designs create golf holes and nothing more.”160 The lighthouse feature on the Sea Pines 18th, by contrast, did create distinctiveness, emphasizing the “individualized characteristics’ of this particular golf-hole design rather than connoting golf holes in general.”161 But application of the other factors relevant to the likelihood of confusion doomed even Sea Pines’ trade dress argument. Tour 18’s duplication of the famous holes did not offend the Lanham Act.

157 Pebble Beach Co. v. Tour 18 I, Ltd., 155 F.3d 526 (5th Cir. 1998).
159 Pebble Beach, 155 F.3d at 538.
160 Id. at 540.
161 Id. at 541.
But what about Tour 18’s use of the Pebble Beach, Pinehurst and Sea Pines marks? The defendant didn’t fare so well on that score. Nominative use of the marks, to identify the copied holes, is not infringement, the court explained, but Tour 18’s advertising and promotional use of the course marks exceeded nominative boundaries. Those activities could not continue.

2. Defenses

The Pebble Beach case introduces an important defense to a trademark infringement case: nominative fair use, that is the use of another’s trademark to identify the mark owner’s goods or services. A shop owner for instance, might put a sign in front of his store, boasting “I sell Prada shoes,” indicating the genuine Prada articles that might be found within. Such a use is nominative fair use. By contrast, the shop owner who brands his store PRADA exceeds the boundaries of nominative fair use. He has identified his own goods and services (the shop) using the PRADA mark. A defense of nominative fair use requires a court to assess whether (1) the product is readily identifiable without using the mark; (2) the defendant’s use of the mark was more than was necessary; or (3) the defendant falsely suggested sponsorship or endorsement by the trademark owner.162

Playboy Enterprises, Inc. v. Welles163 is another example of proper nominative fair use. Terri Welles, a former Playmate of the Year, included a biographical section on her website in which she described her background modeling for Playboy and her selection as the Playmate of the Year in 1981. Playboy took a dim view of her use of the Playboy marks and sued for trademark infringement. But Welles’ nominative fair use prevailed, the court there concluding that Welles’ use of the Playboy marks was fair, because they described her background — no descriptive substitute existed for Playboy’s trademarks in the context of Welles’ headlines and banner advertisements on her website. As a reductio ad absurdum, the court posited an alternative to avoid use of the Playboy marks: “nude model selected by Mr. Hefner’s magazine as its number-one prototypical woman for the year 1981.”164

Victoria’s Secret (“VS”) sought a defense in another variety of fair use in Fortune Dynamic, Inc. v. Victoria’s Secret Stores Brand Management, Inc.165 VS never thought to check trademark registrations before using “Delicious” to promote its new “Beauty Rush” line of personal care products. Had it done so, it would have discovered that Fortune Dynamic had registered Delicious in connection with its footwear products, and Fortune’s lawsuit may never have been filed. VS witnesses testified they used the term as a descriptor of Beauty Rush lip glosses and body care products: “Delicious” was printed on promotional pink tank tops as a “playful descriptor” of a woman who has uses Beauty Rush products. The tank tops were sold or given away in connection with the Beauty Rush brand promotion.

Application of the Ninth Circuit multi-factor test of confusion led to the court’s conclusion that the district court’s grant of summary judgment to VS was unsustainable.166 But fair use (i.e.,

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162 See, e.g., Toyota Motor Sales U.S.A., Inc. v. Tabari, 610 F.3d 1171 (9th Cir. 2010), discussed infra.

163 279 F.3d 796 (9th Cir. 2000).

164 Id. at 802.

165 618 F.3d 1025 (9th Cir. 2010).

166 Of particular interest, the Ninth Circuit noted that although consumers were unlikely to believe that “Delicious” tank tops originated from Fortune when they were encountered in Victoria’s Secret retail stores, post-purchase confusion
use of a trademark in a purely descriptive manner) is a statutory defense to infringement, and VS claimed its use of "Delicious" was purely descriptive. The basic inquiry was whether VS's use of "Delicious" was objectively fair. Although VS's good faith was relevant to the inquiry, the status of Fortune's mark as descriptive, suggestive, arbitrary or fanciful was not. But again VS's evidence fell short of the summary judgment standard; there was evidence on which a reasonable jury might conclude that VS had used "Delicious" in a trademark sense (thereby negating the fair use defense). VS didn't employ precautionary measures to avoid confusion with Fortune's mark; it used "Delicious" in the same way that it used its own trademarks "Pink" and "Very Sexy," and there were abundant alternative descriptive words that VS might have used other than "Delicious."

As with copyrights, sloppy drafting can destroy an owner's rights. The Ninth Circuit recently concluded, for instance, that The Freecycle Network abandoned its mark based on a naked license that the Network granted to the defendant in Freecycle Sunnyvale v. Freecycle Network. The Network had historically allowed local freecycle groups to use its mark in local activities. Its written license to Sunnyvale similarly permitted use of the Network's marks, the sole prohibition being use for commercial purposes. When the relationship between Network and Sunnyvale soured, Sunnyvale successfully petitioned the court to declare Network's mark abandoned on the grounds that the license granted by Network was "naked", e.g., lacked any means of Network control over Sunnyvale's use of Network's mark. The court agreed and concluded that Network's naked licensing resulted in an abandonment of rights in its mark.

C. Trademark Dilution

The most distinctive trademarks — famous marks — are afforded a unique remedy. The Trademark Dilution Revision Act of 2006 ("TDRA"), permits the owner of a famous mark to sue for damages and injunctive relief based on "dilution" of the mark, either by blurring or by tarnishment. Dilution requires proof that (1) the claimant owns a famous mark that is "distinctive," (2) the defendant uses a mark in commerce that allegedly dilutes the "famous mark;" (3) similarity between the defendant's mark and the famous mark gives rise to an association between the marks; and (4) the association is likely to impair the distinctiveness of the famous mark (blurring) or is likely to harm the reputation of the famous mark based on public viewing of the tank tops in a different venue (evident in a photograph of Brittany Spears sporting the promotional top), was possible.

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168 626 F.3d 509 (9th Cir. 2010).
169 "Freecycle" refers to the practice of giving unwanted items to others, instead of disposing of them.
the presence of competition, or actual economic injury, but does create three defenses: (1) fair use; (2) news reporting and news commentary; and (3) non-commercial use.\textsuperscript{173}

A purveyor of “intimate lingerie,” sex toys and other sexually-oriented products, doing business as Victor’s Little Secret, perhaps singlehandedly changed the law of dilution: First, the Supreme Court declared in \textit{Moseley v. V Secret Catalogue, Inc.},\textsuperscript{174} that proof of actual confusion was a necessary prerequisite to relief, leading directly to enactment of the TDRA, which eliminated the judicially-imposed actual confusion requirement. Second, in its opinion after remand, \textit{V Secret Catalogue, Inc. v. Moseley},\textsuperscript{175} the Sixth Circuit created a near-presumption (or at least a strong inference) of tarnishment in cases involving sexually-oriented junior trademark use.

Tarnishment occurs under the TDRA when the association between the distinctive famous mark and the accused mark “harms the reputation” of the famous mark. Fame and distinctiveness of the Victoria’s Secret marks was conceded on remand, leaving for consideration the effect of their semantic association with Moseley’s store, Victor’s Little Secret. “There appears to be a clearly emerging consensus in the case law, aided by the language of [Section] 25 of the \textit{Restatement of Trademarks 3d} . . . that the creation of an ‘association’ between a famous mark and lewd or bawdy sexual activity disparages and defiles the famous mark and reduces the commercial value of its selling power.”\textsuperscript{176} The Restatement, emerging clear case law, and issues of burden of proof\textsuperscript{177} led the Sixth Circuit to its pronouncement: “Any new mark with a lewd or offensive-to-some sexual association raises a strong inference of tarnishment. The inference must be overcome by evidence that rebuts the probability that some consumers will find the new mark both offensive and harmful to the reputation and the favorable symbolism of the famous mark.”\textsuperscript{178} Whether other circuits will follow the Sixth Circuit’s lead is an open question.


\textsuperscript{173} 15 U.S.C. §§ 1125(c)(1), (c)(3).

\textsuperscript{174} 537 U.S. 418 (2003).

\textsuperscript{175} 605 F.3d 382 (6th Cir. 2010).

\textsuperscript{176} \textit{Id.} at 388. In support of its statement, the court cited eight federal cases from six jurisdictions, all finding dilution by tarnishment based on the semantic association of a famous mark with a junior user involved in a sexually-oriented business.

\textsuperscript{177} The court asked whether such proof, on these facts, was possible absent consumer surveys, polls or other evidence from the claimant. Reasoning from these sources, and Congressional action, the court explained: “We agree that the tarnishing effect of Moseley’s mark on the senior mark is somewhat speculative, but we have no evidence to overcome the strong inference created by the case law, the Restatement, and Congressional dissatisfaction with the burden of proof used in this case in the Supreme Court. The new law seems designed to protect trademarks from any unfavorable sexual associations.” \textit{Id.}

\textsuperscript{178} \textit{Id.} at 389.
Fair use and parody protected the defendant Haute Diggity Dog from claims of trademark dilution by blurring in Louis Vuitton Malletier, S.A. v. Haute Diggity Dog, LLC.\textsuperscript{179} Louis Vuitton, of course, is a world famous manufacturer of luxury goods, including handbags and luggage. Variations of its Monogram Canvas bags, LOUIS VUITTON, and LV marks have been in use continuously since 1896. It’s hard to have a stronger pedigree than Louis Vuitton. Haute Diggity Dog made plush pet chew toys that parodied luxury goods, including its “Chewy Vuiton” plush handbag toys,\textsuperscript{180} which loosely resembled Louis Vuitton handbags. In place of the Louis Vuitton marks, Haute Diggity Dog’s toys repeat “Chewy Vuiton.” Louis Vuitton is known as an aggressive protector of its marks, as its claims against Haute Diggity Dog for trademark and trade dress infringement, dilution by blurring,\textsuperscript{181} copyright infringement, as well as state claims demonstrated.

The Fourth Circuit began by examining the six factors listed in the statute,\textsuperscript{182} supporting dilution. Fame and distinctiveness of the Louis Vuitton marks, Haute Diggity Dog’s use of allegedly diluting marks and designs, and similarities between the parties’ marks were “not at issue.” The critical question in the blurring context was “whether the association between Haute Diggity Dog’s marks and LVM’s marks is likely to impair the distinctiveness of [the] famous marks.”\textsuperscript{183} Ironically, the unparalleled strength and distinctiveness of the Louis Vuitton marks made it more likely that Haute Diggity Dog’s parody would not impair the distinctiveness of the famous marks. The defendant’s parody was successful, at once clearly evoking and poking fun at Louis Vuitton, the rich and famous and conspicuous consumption and, at the same time, broadcasting the distinctions between the famous brand and its own small, casually made dog toys. Haute Diggity Dog appropriated just enough of the Louis Vuitton marks to allow the consumer to appreciate the parody, and its parody of the Louis Vuitton famous marks constituted fair use.

D. Electronic Media

1. Domain Names

Very quickly after Network Solutions, Inc. began registering URLs, “domain names [became] business identifiers important to offering goods and services,” as the First Circuit observed in Sallen v. Corinthians Licencimientos Ltda.\textsuperscript{184} Their nearly instant success prompted less than scrupulous entrepreneurs to implement greenmail schemes, registering domain

\textsuperscript{179} 507 F.3d 252 (4th Cir. 2006).

\textsuperscript{180} Some of Haute Diggity Dog’s other cleverly-named pet toys were Chewnel No. 5 (Chanel), Furcedes (Mercedes), Jimmy Chew (Jimmy Choo), Dog Perignon (Dom Perignon), Sniffany & Co. (Tiffany & Co) and Dogior (Dior).

\textsuperscript{181} A dilution by tarnishment claim was rejected with minimal discussion.

\textsuperscript{182} 15 U.S.C. § 1125(c)(2)(B): (1) Degree of similarity between the mark or trade name and the famous mark; (2) degree of inherent or acquired distinctiveness of the famous mark; (3) extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark; (4) degree of recognition of the famous mark; (5) whether the user of the mark or trade name intended to create an association with the famous mark; and (6) any actual association between the mark or trade name and the famous mark.

\textsuperscript{183} Id. at 265.

\textsuperscript{184} 273 F.3d 14, 119 (2001).
trademarks and business names, then ransoming the URL to the mark owner. In 1999, Congress passed the Anti-Cybersquatting Consumer Protection Act (“ACPA”) to outlaw the practice. The ACPA has largely succeeded in its mission, offering trademark owners a private remedy against cybersquatters.

Cybersquatting is defined as “[t]he act of registering and using a domain name with bad faith intent to profit from the goodwill of someone else’s trademark,” comprising the following elements:

(i) the registrant’s domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and

(ii) the domain name registrant has no rights or legitimate interests in respect of the domain name in question; and

(iii) the domain name has been registered and is being used in bad faith.

The statute identifies nine non-exclusive factors that may be relevant in determining bad faith — whether the mark is famous, whether the squatter knew of the mark and its fame, the squatter’s intent to divert customers from the mark owner’s website, the squatter’s use of misleading contact information to cloak his association with the URL, the squatter’s offer to sell the URL, and other factors. A bad faith intent to profit from hijacking another’s trademark as a URL is critical to the ACPA. But if a bad faith intent to profit is necessary to an ACPA violation, the corollary is also true — no intent to profit, no ACPA violation. This is a common battleground in ACPA actions. Classic evidence of bad faith intent to profit, of course, is the ransom of a domain name to the rightful trademark owner. The Sixth Circuit explained in Lucas Nursery &

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185 A URL or Uniform Resource Locator is an Internet address.


187 The ACPA simplifies jurisdictional issues by authorizing in rem actions in the registry’s jurisdiction. The downside is that only transfer, forfeiture or cancellation of the offending URL are authorized remedies in in rem actions; in personam jurisdiction must be achieved if other remedies, e.g., money damages, are to be recoverable. See 15 U.S.C. § 1125(d)(2)(D) (2009). In addition to statutory remedies, aggrieved mark owners can seek a remedy under the Uniform Domain-Name Dispute Resolution Policy (“UDRP”). The UDRP governs disputes over the registration and use of an internet domain name, prescribing a mediation process in which URL disputes might be resolved more quickly than in other venues. The Internet Corporation for Assigned Names and Numbers (“ICANN”) is authorized to arbitrate UDRP disputes. How the ACPA and the UDRP will apply to newly-authorized general top level domains (“gTLDs”) remains to be seen.


189 The confusion inquiry is whether the offending URL creates a “likelihood of confusion as to source, sponsorship, affiliation or endorsement of the site.” 15 U.S.C. § 1125(d)(1)(B)(V) (2009). The goods and services of the parties are not relevant. 15 U.S.C. § 1125(d)(1)(A). As the Eighth Circuit noted in Coca-Cola Co. v. Purdy, 382 F.3d 774 (2004), the ACPA inquiry is narrower than the usual multi-factor confusion standard in a trademark infringement claim.


191 See, e.g., DaimlerChrysler v. Net, Inc., 388 F.3d 201 (6th Cir. 2004); Harrods Ltd. v. Sixty Internet Domain Names, 302 F.3d 214 (4th Cir. 2002). Although not specifically referencing the ACPA, the Sixth Circuit in The Taubman Co. v. Webbeats, 319 F.3d 770 (2003), opined that an offer to sell the offending website is evidence of bad faith only where the defendant had a habit of such practices.
Landscaping, Inc. v. Grosse: Landscaping, Inc. v. Grosse: “One of the ACPA’s main objectives is the protection of consumers from slick internet peddlers who trade on the names and reputations of established brands.”

A commercial use is likewise essential to the Act. In Utah Lighthouse Ministry v. Foundation for Apologetic Information and Research, for instance, the court concluded that a parody website lacked any overt commercial use – hence no ACPA violation. But the absence, at first blush, of an overt commercial purpose may not determine the issue. The website at issue in Pet Silk, Inc. v. Jackson, for instance, lacked any overt commercial purpose, but a link to a commercial site on which competitive products were offered for sale reflected the actor’s bad faith intent to profit from the URL registration.

But a user would be mistaken if he thought that “once forgiven, ever blessed” applied in the internet advertising realm. Virtual City Vision (“VCV”) pushed its luck a little too far. When it first acquired the www.newportnews.com URL and launched its city information website (focused on the city of Newport News, Virginia), Newport News Holdings, which owned multiple NEWPORT NEWS marks for use with women’s clothing, initiated a UDRP procedure under the ACPA. VCV prevailed, an ICANN-sanctioned arbitrator concluding that the URL had not been acquired in bad faith. But a few years after that ruling, VCV changed the focus of its website dramatically, from offering city news and information to a website about women’s apparel. This time, Newport News filed an ACPA action in federal court, Newport News Holdings Corp. v. Virtual City Vision, Inc.

In addition to other attacks, VCV argued that the prior ICANN proceeding negated any inference of bad faith on its part. But the court disagreed, based on the transformation of VCV’s website into one that competed with Newport News by advertising women’s apparel. The district court’s judgment in favor of Newport News was affirmed.

The Act does have its limits. It cannot prevent cybergriping, i.e., the registration and use of a website that incorporates another’s trademark in the URL, to complain about the mark owner. Cybergriping, which implicates constitutional rights of free speech, is handled gingerly by the courts.

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192 359 F.3d 806, 811 (2004).
193 527 F.3d 1045 (10th Cir. 2008).
195 Just how easily do commercial links have to be reached from a non-commercial site to render the latter a commercial use? See Savannah College of Art & Design, Inc. v. Houeix, 369 F. Supp. 2d 929 (S.D. Ohio 2004); Cintas Corp. v. Unite Here, 601 F. Supp. 2d 571 (S.D.N.Y. 2009), in which multiple layered links were adjudged to be too attenuated to render the primary site a commercial use. Between the time the district court granted injunctive relief to the plaintiff, and the appeal in The Taubman Co. v. Webfeats, supra, the defendant removed commercial links from his site, rendering it non-commercial and inoffensive to the ACPA.
197 See, e.g., The Taubman Company v. Webfeats, supra; Lucas Nursery and Landscaping, Inc. v. Groses, supra.
Apart from the ACPA, traditional Lanham Act claims may also provide remedies for unauthorized trademark use in URLs. But nominative fair use of a trademark owner’s mark in a URL is not trademark infringement, and on that basis the *pro se* auto broker defendants in *Toyota Motor Sales U.S.A., Inc. v. Tabari*, escaped liability for trademark infringement. As the court explained, auto brokers are “the personal shoppers of the automotive world.” Their involvement on behalf of a consumer usually increases competition among dealers, resulting in greater selection and lower prices. It’s no wonder, given these achievements, that auto manufacturers disapprove of the practice.

To advertise their auto brokerage business, the Tabaris obtained URLs that incorporated the names of the automobiles they could obtain. Their www.buy-a-lexus.com and www.buyorleaselexus.com URLs and photos of Lexus models on their website aroused the ire of Toyota (the manufacturer of Lexus cars). Toyota argued that the indicia of confusion supported the district court’s finding in its favor, but the Ninth Circuit rousingly disagreed. The confusion analysis simply doesn’t apply where a defendant uses the mark to refer to the trademarked goods themselves — that is nominative fair use, not infringement.

Where nominative fair use is raised the court must assess whether (1) “the product was ‘readily identifiable’ without use of the mark; (2) defendant used more of the mark than was necessary; or (3) defendant falsely suggested he was sponsored or endorsed by the trademark holder.” None of these factors were present in the *Tabari* case. “When customers purchase a Lexus through the Tabaris, they receive a genuine Lexus car sold by an authorized Lexus dealer, and a portion of the proceeds ends up in Toyota’s bank account.”

Nominative fair use does not protect all uses of another’s mark, however, and injunctive relief must be fashioned reasonably to balance potential confusion against First Amendment rights. The Tabaris, for instance, could not use a www.lexus-broker.com URL; but they could use URLs such as www.independent-lexus-broker.com; truthful and non-misleading speech should not be circumscribed by the Lanham Act. The inclusion of negating words with the trademark will usually overcome any hint of sponsorship or endorsement. “[T]he wholesale prohibition of nominative use in domain names . . . would be unfair. It would be unfair to merchants seeking to communicate the nature of the service or product offered at their sites. And it would be unfair to consumers, who would be deprived of an increasingly important means of receiving such information.”

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199 610 F.3d 1171 (9th Cir. 2010).

200 *Id.* at 1174.

201 *Id.* at 1175–76 (citations omitted).

202 *Id.* at 1175.

203 The Tabaris added a notice on their website, specifically disclaiming sponsorship or endorsement by any manufacturer. By contrast, a URL consisting of only the trademark suggests sponsorship or endorsement. The court’s opinion in *Tabari* was informed by its observations about the increasingly common and more sophisticated use of the internet by consumers.

204 *Id.* at 1180.
2. **Key Words, Metatags, Post-Domain and Other Uses**

As Internet marketing has become more sophisticated, so has unauthorized trademark use; advertisers have moved far beyond cybersquatting. A competitor non-trademark owner’s use of his competitor’s trademark as a metatag, keyword, in a post-domain path, or in some other way, can result in diverting a searcher away from the trademark owner’s website to the competitor’s site, believing it to be the trademark owner’s official site. At some point in the search, the user may realize that the competitor’s site is not the target site, but the user’s attention has clearly been diverted from the trademark owner’s site in the first instance.

After initial, inconsistent forays into the exploration of key word use and trademark infringement, the Second Circuit issued its opinion in *Rescuecom Corp. v. Google, Inc.*, an opinion that has been optimistically acclaimed as defining the law on key word advertising. *Rescuecom* was decided at the dismissal stage, the Second Circuit concluding that Rescuecom’s allegations, if proven, would constitute a claim under Section 43(a) of the Lanham Act, either as trademark infringement or as a false designation of origin. The court ultimately blessed Rescuecom’s theory that “a user might easily be misled to believe that the advertisements which appear on the screen are in fact part of the relevance-based search result and that the appearance of a competitor’s ad and link in response to a searcher’s search for Rescuecom [may] cause trademark confusion as to affiliation, origin, sponsorship or approval of the service.” In so holding, the court distinguished key word advertising from the pop-up ads addressed in a prior Second Circuit decision, *1-800 Contacts, Inc. v. WhenU.com, Inc.* Pop-up ads involved no risk of confusion, the court reasoned, because the trademark never appears in the search, its use is internal to the search engine only, and the resulting display identifies the ad as originating from the search engine. By contrast, key words are displayed in search results, which could “misleadingly direct[]” potential purchasers to competitors “in a manner which leads them to believe mistakenly that these ads or websites are sponsored by, or affiliated with [the trademark owner].”

The Tenth Circuit reached a similar result on a much more complete record, nearly three years before the Second Circuit, in *Australian Gold, Inc. v. Hatfield*. After a jury verdict awarding $5 million on the plaintiff’s Lanham Act claims based on use of the plaintiff’s marks as


206 562 F.3d 123 (2009).

207 *Id.* at 126.

208 414 F.3d 400 (2d Cir. 2005).

209 The Court explained the pop-up ad process: “[I]f a user typed ‘eye care’ into his browser, [the search engine’s] program would randomly display a pop-up advertisement of a company engaged in the field of eye care. Similarly, if the searcher launched a search for a particular company engaged eye care, the [search engine’s] program would display the pop-up ad of a company associated with eye care . . . . The pop-up ad appeared in a separate browser window from the website the user accessed, and the [search engine’s] brand was displayed in the window frame surrounding the ad, so that there was no confusion as to the nature of the pop-up as an advertisement, nor as to the fact that the [search engine], not the trademark owner, was responsible for displaying the ad, in response to a particular term searched.” *Id.* at 128 (citations omitted).

210 *Id.* at 131.

211 436 F.3d 1228 (10th Cir. 2006).
key words in website content and in metatags, the defendants (including unauthorized sellers of the plaintiff’s goods) appealed. The court expressed no hesitation in describing the defendants’ actions as initial interest confusion:

In this case, we recognize another variant of potential confusion: “initial interest confusion.” Initial interest confusion results when a consumer seeks a particular trademark holder’s product and instead is lured to the product of a competitor by the competitor’s use of the same or a similar mark.

. . . Initial interest confusion in the internet context derives from the unauthorized use of trademarks to divert internet traffic, thereby capitalizing on a trademark holder’s goodwill.212

Acknowledging that the nomenclature “initial interest confusion” may have been newly-coined, the court asserted that federal courts “have acknowledged the potential for such confusion for decades” and applied a traditional multi-prong likelihood of confusion test.213

Even before Australian Gold and Rescuecom, the Ninth Circuit in Brookfield Communications, Inc. v. West Coast Entertainment Corp.,214 applied a traditional but “pliant” eight factor confusion analysis to a key word trademark issue, validating the cause of action. Explaining that “emerging technologies require a flexible approach,” the court identified three factors, later dubbed the Internet “trinity” or “troika,” that it viewed as especially relevant in the confusion inquiry: (1) virtual identity of the marks; (2) relatedness of the plaintiff’s and the defendant’s goods; and (3) simultaneous use of the Web as a marketing channel. Importantly, the court neither limited its inquiry to the troika, nor referred to initial interest confusion, explaining that key words are actually displayed.216 Very recently, in Network Automation, Inc. v. Advanced Sys. Concepts, Inc.,217 the Ninth Circuit admonished the district court for excessive reliance on the internet troika, rather than the traditional likelihood of confusion factors, explaining:

[W]e did not intend Brookfield to . . . forever enshrine . . . the “internet Troika” as the test for trademark infringement on the Internet. . . . Given the multifaceted nature of the Internet and the ever-expanding ways in which we all use the technology, it makes no sense to prioritize the same three factors for every type of potential online commercial activity.

Despite the patina of maturity that might logically attach to earlier decisions, the Second Circuit’s 2009 Rescuecom decision appears to be the current leading authority on the key word

212 Id. at 1238–39 (citations omitted).
213 Id. at 1239.
215 Interstellar Starship Services, Ltd. v. Epix, Inc., 304 F.3d 936, 942 (9th Cir. 2002).
216 The Ninth Circuit in Brookfield differentiated between URL trademark use and metatags, applying the doctrine of initial interest confusion only to the latter. See discussion of metatags, infra.
issue. But the precise issue before the Second Circuit there was whether the sale of Rescuecomm’s trademark by a search engine constituted a Lanham Act use in commerce. The court’s comments on likelihood of confusion, thus, could be viewed as dicta. And although the Rescuecom court described initial interest confusion, it did not define that confusion doctrine, as the Tenth Circuit did in Australian Gold.

Remarkably, there appears to be greater unanimity among the circuits on the issue of metatags. Of the appellate courts that have addressed the issue, only the Second Circuit has voiced pessimism as to whether metatag use of another’s trademark can offend the Lanham Act. Far more common is the Ninth Circuit’s conclusion in Brookfield Communications, Inc. v. West Coast Entertainment Corp. Surprisingly, the Ninth Circuit in that decision applied different analytical modes to key words and to metatags. The key word analysis, as related above, involved a traditional but “pliant” confusion analysis, but the court described the metatag issue as “quite different.” Because metatags are invisible, the court observed, “it is difficult to say that a consumer is likely to be confused about whose site he has reached . . . .”

Yet, a potential violation of the Lanham Act was apparent: Use of another’s trademark in metatags, the court held, could result in initial interest confusion, since a user searching for the plaintiff’s website will be diverted to the defendant’s. “The use of another’s trademark in a manner calculated ‘to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion, may still be an infringement.’” In a memorable analogy, the Ninth Circuit wrote: “Using another’s trademark in one’s metatags is much like posting a sign with another’s trademark in front of one’s store.”

219 Metatags are invisible HTML code used by a search engine to identify sites that correspond to keywords entered by a search.

220 In 1-800 Contacts, Inc. v. WhenU.com, Inc., 414 F.3d 400 (2d Cir. 2005), the court emphasized visibility of the potentially offending trademark use, commenting that “A company’s internal utilization of a trademark in a way that does not communicate it to the public is analogous to [an] individual’s private thoughts about a trademark. Such conduct simply does not violate the Lanham Act . . . .” Id. at 409.

221 174 F.3d 1036 (9th Cir. 1999).

222 Id. at 1062.

223 Id. (citations omitted).

224 Id. at 1064. The Brookfield Court eschewed use of the eight factor test of confusion in the context of metatags, describing it as “not well suited” to the task.
The First, Seventh, Tenth and Eleventh Circuits agree with the Brookfield conclusion, though not necessarily with the Ninth Circuit's mode of analysis. In North American Medical Corp. v. Axiom Worldwide, Inc., the Eleventh Circuit specifically rejected the Second Circuit's emphasis on visibility in the 1-800 Contacts case, calling the analysis "questionable." The clear weight of authority, such as it is, supports use of the Lanham Act to prevent unauthorized use of another's trademark as a metatag.

Post-domain trademark use is more problematic. One's trademark might appear in a post-domain path as part of an extended electronic address, directing a user's entry into specific areas of a website. Or it can be chosen voluntarily, e.g., a vanity URL on social media sites. The few cases in this nascent area of the law thus far have not distinguished between the two uses.

The Sixth Circuit's decision in Interactive Products Corp. v. a2z Mobile Office Solution, Inc., in which the court concluded that the use of another's trademark in the post-domain path was not an infringing use, highlights some troublesome issues. The trademark holder, Interactive Products, asserted claims of trademark infringement and false designation of origin against a2z, which had used Interactive Products' trademark in the post-domain path of its URL to direct potential purchasers to its competitive products. The court focused on a critical element of proof, namely the likelihood of consumer confusion, observing that "[t]he post-domain path of a URL . . . does not typically signify source." Internet users, the court explained, do not find particular web pages by entering a full URL address into a web browser. They are more likely to reach desired web pages "via a link from the website's homepage, which does not contain a post-domain path." The court stated its conclusion broadly: Since a post-domain path does not signify source but rather serves as a directory within a domain name, "it is unlikely that the presence of another's trademark in a post-domain path of a URL would ever violate trademark law." It is perhaps too early to declare post-domain use a safe internet

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225 Venture Tape Corp. v. McGills Glass Warehouse, 540 F.3d 56 (1st Cir. 2008).
226 Promatek Indus., Ltd. v. Equitrac Corp., 300 F.3d 808 (7th Cir. 2002).
227 Australian Gold, Inc. v. Hatfield, 436 F.3d 1228 (10th Cir. 2006).
229 522 F.3d 1211 (2008).
230 Post domain use occurs after reference to the top level domain, e.g., www.facebook.com/coca-cola.
231 Importantly, social networking sites that allow users to select vanity URLs have established internal dispute resolution procedures to deal with vanity URL cybersquatting. See, Natalma M. McKnew, Post-Domain Infringement: In Search of a Remedy, LANDSLIDE, Mar. / Apr. 2010.
233 Id. at 696.
234 Id. at 697.
235 Id. at 698. The Sixth Circuit followed its own precedent in Nagler v. Garcia, No. 09-1471, 2010 U.S. App. LEXIS 6295 (Mar. 25, 2010), concluding that the post-domain appearance of the plaintiff's "Diet Results" mark in the defendant's URL (www.beautyinaflash.com/dietresults.html) did not support a trademark infringement claim. The few courts that have addressed post-domain URL issues have expressed a similar skepticism, as in Knight-McConnell v.
practice. But early returns suggest that internal social network limitations may offer the only path to a remedy.

The doctrine of initial interest confusion may emerge as an authoritative analytical framework for internet infringement analysis. But acceptance of the doctrine is not universal, and the form of the doctrine is likewise in flux. The ever-progressive Ninth Circuit has developed the most refined version of the initial interest doctrine. In its 1999 Brookfield decision, the court referred to initial interest confusion in connection with metatags and identified three indicators of confusion — similarity of the marks, relatedness of goods and services, and the parties’ simultaneous use of internet marketing — as preeminent in the internet arena.\(^{236}\) But the court didn’t link these separate findings to define a specific doctrine. That task awaited the court’s decisions in GoTo.com, Inc. v. Walt Disney Co.\(^{237}\) and Interstellar Starship Services, Ltd. v. Epix, Inc.\(^{238}\) In those cases, the Ninth Circuit defined the three critical confusion factors — the “controlling troika” or “internet trinity,” decisive of confusion if evident unless strongly outweighed by other traditional confusion factors.\(^{239}\) No other Circuit has thoroughly embraced the Ninth Circuit’s approach, and a more recent Ninth Circuit pronouncement has cast doubt on the pre-eminence of the internet troika.\(^{240}\)

The Fourth Circuit specifically declined to adopt the “relatively new and sporadically applied doctrine” of initial interest confusion in Lamparello v. Falwell,\(^{241}\) objecting to its analysis of confusion without “considering the content of [the offending] website.”\(^{242}\) The Eleventh Circuit avoided deciding “whether initial interest confusion alone may provide a viable method of establishing a likelihood of confusion” in North American Medical Corp. v. Axiom Worldwide, Inc.\(^{243}\) Doing so was unnecessary, the court explained, to support its conclusion that use of another’s mark as a metatag could violate the Lanham Act. Instead the court applied a more traditional, seven factor likelihood of confusion analysis. Finally, the Fifth Circuit lands in the negative column with its unpublished decision in College Network, Inc. v. Moore Educational Publisher.\(^{244}\) Declining to opine on the issue of initial interest confusion, the court refused to

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\(^{236}\) 174 F.3d at 1055.

\(^{237}\) 202 F.3d 1199 (9th Cir. 2000).

\(^{238}\) 304 F.3d 936 (9th Cir. 2002).

\(^{239}\) See also PerfumeBay.com v. eBay, Inc., 506 F.3d 1165 (9th Cir. 2007).


\(^{241}\) 420 F.3d 309, 315 (2005).

\(^{242}\) Id. at 316.

\(^{243}\) 522 F.3d 1211, 1222 (2008).

\(^{244}\) 2010 U.S. App. LEXIS 9734 (May 12, 2010).
adopt the Ninth Circuit’s troika approach and instead applied an eight factor likelihood of confusion analysis.245

Running in neutral, the First and Third Circuits have applied a traditional multi-factor likelihood of confusion analysis to internet infringement issues.246 In Hasbro, Inc. v. Clue Computing, Inc.,247 in fact, the First Circuit applauded the district court for its “refusal to enter the ‘initial interest confusion’ thicket.”248 The Tenth Circuit described initial interest confusion in Australian Gold, but applied a traditional six-factor likelihood of confusion analysis. And in a category all its own, the Sixth Circuit has acknowledged initial interest confusion, and agrees with the Ninth Circuit as to three especially important indicators of internet confusion, but clings to a traditional eight factor likelihood of confusion analysis.249

Gazing into the crystal ball, searching for the future of the initial interest confusion doctrine, yields only haze: Sixth Circuit doctrine, Ninth Circuit abbreviation, the full infringement inquiry, or something else? The scope and acceptance of the doctrine, and its defenses, have not reached stasis. Perhaps the most useful way of assessing the state of initial interest confusion — or more broadly, internet trademark infringement analysis — is as varying points of emphasis. Whether some doctrine called “initial interest confusion” emerges as a stand-alone claim in internet confusion cases, or whether courts will continue to apply non-exclusive, multi-factor confusion analyses, may not greatly change the legal landscape in the long run. Courts will still need to examine the specific practice and its effects on consumers against the strictures of the Lanham Act. If the past is prelude to the future, the ingenuity of advertisers in the internet marketplace, rather than tidal shifts in legal theories, will motivate developments in internet advertising.

III. RIGHTS OF PRIVACY AND PUBLICITY

Let’s say you work for a company. You are a communications specialist and you are known for your ability to convey your company’s message to your company’s clients or consumers. Now let’s say you have been asked to create an advertisement for the company, an ad that must raise sales by a measurable amount.

If you are tasked with creating an advertisement for your client, you are faced with the immediate and sometimes overwhelming challenge of creating something that will capture the attention of your intended audience. If people will not read or listen to your advertisement, they are unlikely to buy your client’s product or services, at least not because of your efforts to convince them to do so.

245 The decision should not be viewed as absolutely rejecting the Ninth Circuit’s approach; the issue was raised only on appeal.

246 See Venture Tape Corp. v. McGills Glass Warehouse, 540 F.3d 56 (1st Cir. 2008); Century 21 Real Estate Corp. v. Lendingtree, Inc., 425 F.3d 211 (3d Cir. 2005).

247 232 F.3d 1 (1st Cir. 2000).

248 Id. at 2.

249 PACCAR, Inc. v. Telescan Techs., LLC, 319 F.3d 243 (6th Cir. 2003); Audi AG v. D’Amato, 469 F.3d 534 (6th Cir. 2006).

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To capture the attention of your audience, it is often useful to use visual images of human beings. Is there anything wrong with that? Putting aside the ethical issue of whether using another’s image or identity without their permission is the right thing to do, are there any legal barriers to using photographs or renderings of people in advertising without the permission of the person being depicted in the ad?

In many jurisdictions, the law prohibits such unauthorized use. The legal landmines associated with unauthorized depictions of others are based on the rights of privacy and publicity, which are in turn the subject of state law. The federal Lanham Act, most often thought of as the federal trademark law, also prevents unauthorized use of an individual’s identity in some contexts.

A. The Right of Privacy

If you wish to use a photograph or other image of someone in advertising, you must make sure you have that person’s permission to do so. It is not enough to obtain the right to use a copyrighted photo from the photographer because the photographer who owns the copyright in the photograph may not own the license to use the individual’s picture for any purpose other than as a subject of the photograph, if the photographer has obtained even that degree of permission. Absent an appropriate license or release from the subject in the photograph, the photographer’s claim of ownership of a copyright is worthless to anyone who wants to use that photograph in an advertising context.

That is because in every state, the law empowers individuals to control how their identities are used in order to prevent the invasion of their privacy. The invasion of the right to privacy is viewed as four separate torts, including invasion of privacy by intrusion, invasion of privacy by appropriation, public disclosure of private facts, and false light privacy. Almost every state has recognized these four torts in case law, statutes, or both. New York enacted its own privacy statute in the early Twentieth Century and as a result, it does not follow the Restatement’s four tort approach.

The area of privacy law that most impacts advertising is the tort of invasion of privacy by appropriation. That is because the appropriation tort gives plaintiffs a cause of action against those who use a person’s identity without permission.

The Restatement defines the tort by stating that “One who appropriates to his own use or benefit the name or likeness of another is subject to liability to the other for invasion of his privacy.” Thus, an advertiser that uses the identity, which includes the name, image, or likeness of a person in its advertising without that person’s authorization may be liable for


253 See N.Y. CIV. RIGHTS LAW §§ 50–51 (Consol. 2011).

254 Restatement (Second) of Torts § 652C (1977).
invasion of that person’s privacy. Examples would include the use of a photograph of a businessman on a Chicago street in a clothing ad if the businessman did not authorize his photograph to be taken or authorize its use in an advertisement.

There is a limitation, however, on an individual’s right to collect damages against someone who has invaded his or her privacy by appropriation. For reasons related to the historical development and recognition of the tort of invasion of privacy, damages stemming from the invasion of privacy by appropriation may only be obtained for injury related to the plaintiff’s psyche, including mental or physical distress. This is because privacy laws are meant to protect human dignity and the right to be left alone. They do not protect the commercial value of a person.

The irony of this restriction on the right to collect damages is that the tort of invasion of privacy by appropriation requires that the plaintiff prove that the defendant used his or her identity for its own gain, usually by commercial use.255

A plaintiff who suffers injury to the commercial value of his or her identity is not without recourse, however, even if the tort of invasion of privacy limits the recovery of damages to his or her feelings of dignity and his or her integrity. The same plaintiff may also have a cause of action for infringement of the plaintiff’s right to publicity, a tort described in detail infra at 41–45, permitting the plaintiff to sue for loss to his or her commercial value.

Aside from invasion of privacy by appropriation, the other three privacy torts are much less relevant to a commercial advertiser. Although it is easy to envision an advertiser who publishes a photo of a person without his permission for use in an advertisement, it is more difficult to imagine an advertiser engaging in the invasion of privacy or exposure of private facts that form the basis for the other three privacy torts.

The Restatement describes the tort of invasion of privacy as the tort of “Intrusion upon Seclusion,” which it explains by noting “One who intentionally intrudes, physically or otherwise, upon the solitude or seclusion of another or his private affairs or concerns, is subject to liability to the other for invasion of his privacy, if the intrusion would be highly offensive to a reasonable person.”256

There are various formulations of the proof required of a plaintiff in an intrusion claim, but California has separated the elements into two parts, which include “(1) intrusion into a private place, conversation or matter, (2) in a manner highly offensive to a reasonable person.”257

Examples of prohibited acts of intrusion include spying on or photographing people in private places such as in dressing rooms258 and in bathrooms.259

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256 Restatement (Second) of Torts § 652B (1977).


258 Doe v. B.P.S. Guard Services, Inc., 945 F.2d 1422, 1427 (8th Cir. 1991) (plaintiff fashion models awarded damages where security guards had videotaped them changing clothes in a dressing room).
The tort of invasion of privacy by intrusion would seem not to have a significant relationship to the typical use of a person’s photograph or image captured in a public setting and used in a commercial advertisement. This is because such illegal acts of intrusion are usually considered to occur in private not public places. Therefore, a photograph of a person in a crowd or visiting the zoo, for example, while problematic under other privacy and publicity laws, would not ordinarily run afoul of the intrusion tort.

A third form of invasion of privacy is the disclosure of private facts. The elements of the tort include (1) public disclosure (2) of facts that are private (3) that would be highly offensive to a person of ordinary sensibilities.

In the unlikely event that an advertiser were to include private facts of an individual in its ad, the victim would have a claim for invasion of privacy by disclosure. The elements of the tort do not include publishing false information; to the contrary, it is the publication of true but private facts concerning a person’s health, sexual activity, or mental condition, among other things, that can lead to a claim of invasion of privacy by disclosure.

Similar to the tort of defamation, the fourth tort of false light invasion of privacy includes a series of elements, including (1) public disclosure (2) of a false statement or representation (3) that places plaintiff in a false light (4) that would be highly offensive to a person of ordinary sensibilities. Plaintiffs who are not public figures must prove only that the statement was made negligently. Public figures must prove the defendant knew the statement was false or that it was published with reckless disregard as to its truthfulness. Damages for the false light invasion of privacy are measured by mental distress.

Examples of false light invasion of privacy include featuring a photograph of an individual on the cover of a magazine with the impression that the magazine’s contents included nude photos of him and the fabricated story of a 101-year-old newspaper carrier who became pregnant by a millionaire customer, which featured a photograph of the plaintiff who delivered papers but who was both 96 years old and not pregnant.

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260 See, e.g., Schiller v. Mitchell, 828 N.E.2d 323 (Ill App. 2005) (videotaping by a neighbor of a neighbor’s garage and driveway area that could be viewed by the public held not to be actionable as an unlawful intrusion).
261 See Restatement (Second) of Torts § 652D (1977).
262 Young v. Jackson, 572 So. 2d. 378, 382 (Miss. 1990).
265 Restatement (Second) of Torts § 652E (1977).
266 id. at cmt.d.
267 Restatement (Second) of Torts § 652H (1977).
268 Solano v. Playgirl, Inc., 292 F.3d 1078, 1084 (9th Cir. 2002).
Not all states follow the Restatement. Texas has rejected the tort\(^\text{270}\) as have Florida\(^\text{271}\) and Massachusetts.\(^\text{272}\) The states that do not follow the Restatement do so because they have concluded that either the tort is largely duplicative of the defamation tort or that it may run afoul of the Constitutional right to freedom of speech.

**B. The Right of Publicity**

As has been observed in this paper, the commercial advertiser may seldom encounter a plaintiff who alleges violation of the right to privacy because of its limited applicability and its focus on damages to feelings and self worth. By contrast, the advertiser is far more likely to run afoul of the right of publicity. That is because the right of publicity remedies commercial loss to the unauthorized use of an individual’s identity and because it is often wielded by celebrities who are most likely to be featured in an advertiser's commercial message.

The right of publicity may be thought of as a property right, namely the recognition that a person’s identity has worth that should be protected against unauthorized use and exploitation. “The appropriation type of right of privacy recognizes legal injury when such unpermitted use causes mental injury by loss of dignity and self-esteem. The right of publicity recognizes legal injury because such unpermitted use cause loss of the financial reward flowing from the economic value of a human identity.”\(^\text{273}\)

The right of publicity is the right of an individual to control the use of his identity. Infringement of that right therefore requires that the plaintiff prove that the defendant (1) commercially used a person’s identity (2) without authorization to do so.\(^\text{274}\)

According to Professor McCarthy, courts in twenty one states have recognized the common law right of publicity:\(^\text{275}\) Alabama, Arizona, California, Connecticut, Florida, Georgia, Hawaii, Illinois, Kentucky, Michigan Minnesota, Missouri, New Hampshire, New Jersey, Ohio, Pennsylvania, South Carolina, Texas, Utah, West Virginia and Wisconsin.

Nineteen states have adopted right of publicity statutes, some of which replace or supplement the common law of publicity. States with publicity statutes include California, Florida, Illinois, Indiana, Kentucky, Massachusetts, Nebraska, Nevada, New York, Ohio, Oklahoma, Pennsylvania, Rhode Island, Tennessee, Utah, Virginia, Washington and Wisconsin.\(^\text{276}\)

Although the task of defining identity may seem to be elusive, states that have enacted statutes concerning the right of publicity have defined identity or at least given examples of what

\(^{270}\) Cain v. Hearst Corp., 878 S.W.2d 577 (Tex. 1994).

\(^{271}\) Jews For Jesus, Inc. v. Rapp, 997 So. 2d 1098, 1114 (Fla. 2008).

\(^{272}\) Dasey v. Anderson, 304 F.3d 148, 154 (1st Cir. 2002).


\(^{276}\) Id. at § 6:8.
constitutes a person’s identity for purposes of falling under the protections afforded to the right of publicity.

In Illinois, for example, the Illinois Right of Publicity Act\(^\text{277}\) defines identity to mean “any attribute of an individual that serves to identify that individual to an ordinary, reasonable viewer or listener, including but not limited to (i) name, (ii) signature, (iii) photograph, (iv) image, (v) likeness, or (vi) voice.”\(^\text{278}\) Other states like Nevada simply identify the things protected, including “the name, voice, photograph or likeness of a person . . .”\(^\text{279}\)

The Illinois right of publicity statute serves as a good example of a modern approach to defining the right, the cause of action for infringement of the right, damages where liability is found, and defenses to a claim of infringement.

In addition to defining “identity” by giving examples but not foreclosing other possible uses of a person’s identity, Illinois provides other definitions to guide litigants and the courts as they evaluate whether a claim may be asserted. Aside from the definition of identity, the most important guidance provided by the Illinois publicity statute is its definition of commercial use. This is very important because absent commercial use of someone’s identity, there can be no liability. The statute’s insistence that identity be used commercially is a nod to the protections afforded by the First Amendment, which, with certain exceptions, allow the use of a person’s identity in non-commercial contexts without fear of being held liable for infringement.

In the Illinois statute, commercial purpose means “the public use or holding out of an individual’s identity (i) on or in connection with the offering for sale or sale of a product, merchandise, goods, or services; (ii) for purposes of advertising or promoting products, merchandise, goods, or services; or (iii) for the purpose of fundraising.”\(^\text{280}\)

Since proving commercial use or commercial purpose is a predicate to claims for infringement of the right of publicity, litigants often join issue here first, with the defendant arguing at summary judgment or even on a motion for judgment on the pleadings that its use of the plaintiff’s identity was not a commercial use and was instead non-commercial, such as news reporting or artistic expression.

For example, in *Abdul-Jabbar v. General Motors Corp.*,\(^\text{281}\) basketball great Kareem Abdul-Jabbar sued General Motors Corporation (“GMC”) for violation of California statutory and common law rights to privacy and for violations of the Lanham Act after GMC ran an advertisement, without Abdul-Jabbar’s consent, that was described by the Ninth Circuit as follows:

This dispute concerns a GMC television commercial aired during the 1993 NCAA men’s basketball tournament. The record includes a videotape of the spot, which

\(^{277}\) 765 ILL. COMP. STAT. 1075/1-60.

\(^{278}\) Id. at § 5.


\(^{280}\) 765 ILL. COMP. STAT. 1075/5 (2002).

\(^{281}\) 85 F.3d 407 (9th Cir. 1996).
plays as follows: A disembodied voice asks, “How ‘bout some trivia?” This question is followed by the appearance of a screen bearing the printed words, “You’re Talking to the Champ.” The voice then asks, “Who holds the record for being voted the most outstanding player of this tournament?” In the screen appear the printed words, “Lew Alcindor, UCLA, ’67, ’68, ’69.” Next, the voice asks, “Has any car made the ‘Consumer Digest’s Best Buy’ list more than once? [and responds:] The Oldsmobile Eighty-Eight has.” A seven-second film clip of the automobile, with its price, follows. During the clip, the voice says, “In fact, it’s made that list three years in a row. And now you can get this Eighty-Eight special edition for just $18,995.” At the end of the clip, a message appears in print on the screen: “A Definite First Round Pick,” accompanied by the voice saying, “it’s your money.” A final printed message appears: “Demand Better, 88 by Oldsmobile.”

The defendant argued on summary judgment that its use was not a commercial use because it did not use the plaintiff’s identity to promote or advertise its automobiles. But the court held that the GMC ad made commercial use of Abdul-Jabbar’s former name (Lew Alcindor). In reaching that conclusion, the court noted that “[h]ad GMC limited itself to the ‘trivia’ portion of its ad, GMC could likely defend the reference to Lew Alcindor as a nominative fair use.” But that is not what GMC did. Rather, GMC “use[d] Alcindor's record to make a claim for its car — like the basketball star, the Olds 88 won an ‘award’ three years in a row, and like the star, the car is a ‘champ’ and a ‘first round pick’” and thereby “arguably attempted to ‘appropriate the cachet of one product for another’. . . .”

In Yeager v. Cingular Wireless, the court resolved the issues relevant to the determination of commercial use on a motion for summary judgment. The defendant had used plaintiff Chuck Yeager’s name in a publication concerning an emergency preparedness program for the 2006 hurricane season. In one of the paragraphs of the circular, the publication stated:

“Nearly 60 years ago, the legendary test pilot Chuck Yeager broke the sound barrier and achieved Mach 1. Today, Cingular is breaking another kind of barrier with our MACH 1 and MACH 2 mobile command centers, which will enable us to respond rapidly to hurricanes and minimize their impact on our customers,” de la Vega said.

Although the publication did not use Yeager’s picture or offer for sale any specific products or services, the court determined that the publication was commercial speech by “looking at all of its characteristics.”

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282 Id. at 409.
283 Id. at 413.
284 Id.
286 Id. at 1094.
287 Id. at 1097.
The issue of commercial use is fact-intensive, and courts sometimes decide that the defendant did not make commercial use of the plaintiff’s identity. For example, in *Gionfriddo v. Major League Baseball*, the court reasoned that because defendants had not used the plaintiffs’ identities in connection with the promotion or advertisement of products or services, there was no commercial use and thus no violation of the plaintiffs’ right of publicity. Distinguishing *Gionfriddo* from *Abdul-Jabbar*, the court observed: “Here, plaintiffs never contend that their statistics and depictions appeared in the context of an advertisement. Rather, they state that the information was used to increase interest in baseball, with the belief that this would increase attendance at games.”

Rights to control the use of one’s identity do not necessarily terminate upon the death of the individual. In Ohio, for example, the law affords the deceased’s assignees or legatees the right to sue for unauthorized use of the deceased’s identity for up to sixty years after the individual’s death. In Illinois, there is a fifty year limit on such post-mortem use.

Most states that have recognized the right of publicity allow individuals to assign their rights to others who then may sue for infringement of that right as in any other assignment. The Illinois statute, for example, states that the publicity rights “are property rights that are freely transferable . . . by written transfer.” In Nevada, the right of publicity “is freely transferable, in whole or in part, by contract, license, gift, conveyance, assignment, devise or testamentary trust by a person or his successor in interest.”

Infringement of the right of publicity can result in a variety of penalties, including injunctive relief, actual damages, profits, and punitive damages. Indiana, as in other states, allows for injunctive relief and permits the prevailing party to collect its costs and reasonable attorneys’ fees.

There are a number of defenses available to one who uses someone’s identity without authorization. The most potent by far is the First Amendment, which in some cases can be invoked to trump a complaint of unauthorized use of identity. The First Amendment, which through its guarantees of freedoms of speech and of the press provides an “enlightenment function” of ensuring that the public has access to all facts and data to make informed

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289 *Id.* at 412–13.

290 *Id.* at 413.


294 *NRS §§ 597.800(2).*

295 See, e.g., *Indiana Rights of Publicity Act, Ind. Code* § 32-36-1-10 (damages include statutory damages of $1,000, or actual damages, including profits, treble or punitive damages for knowing, willful, or intentional infringement).

296 *Id.* at § 32-36-1-12.
decisions. Thus, where news, opinion and art are the medium for the use of someone’s identity, the right of publicity takes a back seat to the protections afforded to those who use identities to report the news, offer opinion or make an artistic statement or expression.

For example, in Hoffman v. Capital Cities/ABC, Inc., the court turned aside Dustin Hoffman’s complaint that defendants’ use of his character Tootsie was an unauthorized use of his identity. In Hoffman, the court found that an artistic alteration in a magazine of Dustin Hoffman’s image from the movie “Tootsie” was not a commercial use because the article in which the image was used did not advance a commercial message.

Likewise, in ETW Corp. v. Jireh Publishing, Inc., the court determined that an artist’s use of Tiger Woods’s image in artwork did not violate Woods’s right to publicity because the use was purely artistic and was not used in connection with the advertisement or promotion of goods or services.

Many of the states that have enacted statutory protection for the right of publicity have included exceptions to the protections offered by the statutes for non-commercial uses for news reporting and artistic media. For example, the Illinois Right of Publicity Act specifically states that the Act “does not apply” to “use of an individual’s identity for non-commercial purposes, including any news, public affairs, or sports broadcast or account, or any political campaign” and “use of an individual’s identity in an attempt to portray, describe, or impersonate that individual in a live performance, a single and original work of fine art, play, book, article, musical work, film, radio, television, or other audio, visual, or audio-visual work,” provided such use is non-commercial.

In Bolger v. Youngs Drug Products Corp., the Supreme Court examined pamphlets distributed by a condom manufacturer that described venereal disease and the uses and advantages of condoms in preventing venereal disease. In one of the pamphlets at issue, the only identification of the defendant and its products was at the bottom of the last page of the eight-page pamphlet that informed the reader the pamphlet was provided as a public service by the defendant. But in Bolger, the court found that pamphlets describing the benefits of condom use were in fact commercial use because they were used in connection with the promotion and sale of condoms, even if the condoms’ brands were not explicitly mentioned in the advertisement. As the court stated:

We have made clear that advertising which “links a product to a current public debate” is not thereby entitled to the constitutional protection afforded noncommercial speech. A company has the full panoply of protections available to its direct comments on public issues, so there is no reason for providing similar

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298 255 F.3d 1180 (9th Cir. 2001).
299 332 F.3d 915 (6th Cir. 2003).
300 765 ILL. COMP. STAT. 1075/35.
302 Id. at 62 n.4.
constitutional protection when such statements are made in the context of commercial transactions. Advertisers should not be permitted to immunize false or misleading product information from government regulation simply by including references to public issues. 303

Thus, in the case of an advertisement for goods and services, whether it be in a traditional context such as a newspaper or magazine, or on a website or in social media, if the advertisement makes use of an individual’s identity to promote or advertise products or services, the First Amendment most likely will not prevent the successful assertion of a claim for violation of the right to publicity.

Another powerful defense to both privacy and publicity claims is the relatively short statute of limitations applicable to such claims. In many states, the statute of limitations for privacy and publicity claims is as short as one or two years. California and Oregon, for example, both apply a two year statute of limitations. Illinois and New York apply a one year limitations period. The period can be extended, however, where the original publication is republished. In Baucom v. Haverty,304 the court held that each time the alleged infringing advertisement was published, a new cause of action accrues, and the statute begins running anew.

IV. AN OUNCE OF PREVENTION

Many clients embrace the statement that it’s better to ask forgiveness than permission, consulting legal advisors only at the forgiveness stage. But of course, potential problems can be prevented (or at least minimized) with advance legal planning.

A. Own it.

Fleischer Studios, Inc. v. A.V.E.L.A., Inc.;305 Universal Studios Int’l, Inc. v. Collezione Europa USA, Inc.;306 and Donen v. Paramount Pictures Corp.307 are but three of a legion of cases that demonstrate the importance of ensuring effective ownership of rights before using what may arguably be someone else’s creation. “It’s better to ask forgiveness than permission” really doesn’t work ex post facto.

Whether the creator is an employee or a consultant, the overriding advice is to obtain written assignments and work made for hire agreements from anyone who may have rights in text, photographs, graphics, music, logos, trademarks and service marks, films, videos, etc. that are changed, sampled, incorporated or used (in the expansive sense) in any advertising or promotion. Because intellectual property rights can be contractually licensed, assigned, sold or divided, identifying all possible owners of rights is important. Include representations and warranties (and ideally indemnification) regarding the absence of other rights owners.

303 Bolger, 463 U.S. at 68 (citations omitted).
306 613 F.3d 417 (4th Cir. 2010).
Prior to the commencement of work, have employees, independent contractors and consultants assign all copyrights to the company by written agreement. Be certain that the agreement recites consideration for the assignment. The assignment should also include a limited power of attorney to allow the assignee (company) to later confirm or enforce the assignment.

Copyright, trademark and service mark assignments should be written, just as a license. An assignment of a trademark or service mark without the goodwill associated with it, or a license with minimal or no quality requirements (a “naked” trademark license) may invalidate the trademark. An improperly phrased assignment of an “intent to use” trademark application prior to submission of evidence of use may result in a destruction of trademark rights.  

B. If you can’t own it, obtain the right licenses.

Too often, as exemplified in *Ets-Hokin v. Skyy Spirits*, 309 *Polar Bear Productions, Inc. v. Timex Corp.*, 310 *Thomsen v. Famous Dave’s of America, Inc.*, 311 and *Atkins v. Fischer*, 312 a license (even if written) proves inadequate for the use to which a trademark or copyrighted work is put. Obviously the defendants in each of those cases could have saved the expense and annoyance of litigation by preparing contracts that clearly encompassed all uses of intellectual property by the defendants.

A written license should carefully define the scope of permitted use; the grantee should not assume that the scope will be construed broadly. The term of a license, right or obligation in the grantor or the grantee to enforce, exclusivity, royalties, assignment or transfer rights and rights to improvements or enhancements are typically hot buttons in license agreements.

C. Protect your own rights.

Of less importance in the context of this paper, it’s well for an advertiser to remember to protect its own rights carefully. Register all copyrights, trademarks and service marks, both in the U.S. (the U.S. Copyright Office or the U.S. Patent and Trademark Office) and in any foreign country in which their use may be anticipated. Promulgate and enforce internal policies regarding the acquisition, license, sale or other devolution of intellectual property rights; e.g., limiting the persons with authority to consent to same; requiring written agreements; thorough legal review, etc.

Appropriately apply symbols to licensed or owned intellectual property, e.g. ® or © for federally registered trademarks, service marks and copyrights; and “copyright [date]”, ™ or SM to indicate claims of common law (unregistered) copyrights, trademarks or service marks.

308 15 U.S.C. § 1060, prohibiting in general, assignment of ITU applications prior to the mark’s use in commerce, except for “assignment to a successor to the business of the applicant, or a portion thereof, to which the mark pertains, if that business is ongoing and existing.”

309 225 F.3d 1068 (9th Cir. 2000).


312 331 F.3d 988 (D.C. Cir. 2003).
D. Even if you own it, license it and protect it, insure it.

That a consultant, ad agency or service provider can buy a client an expensive infringement case is evident. A provider is unlikely to admit that his creation is pirated, placing a premium on a proactive cure. Indemnification agreements might help, if the provider has the appropriate financial strength. But they are not foolproof.313

Obtaining insurance coverage for advertising injury is good advice, but be certain to inspect the exclusions carefully. Feuds over coverage for “advertising injury” are more the norm than the exception, warranting close scrutiny of insurance policies.314

E. Use effective contract language.

As several of the reported cases indicate, the presence, absence, and quality of written agreements can make or break one’s intellectual property rights. As the Supreme Court so frustratingly commented in Campbell v. Acuff-Rose Music, Inc.,315 “The task is not to be simplified with bright-line rules, for [the task] . . . calls for case-by-case analysis.”

V. CONCLUSION

The modern convenience and ease of producing advertisements tempts experimentation and creativity, but exacerbates the risk of treading on another’s intellectual property. Advertising has exited the ivory tower of Madison Avenue and descended to Main Street — and even Elm Street. Creativity in advertising must be tempered with respect for creations by others. Advertising with pirated intellectual property is not only wrong, it can be downright costly.

313 E.g., Taco Bell Corp. v. TBWA Chiat/Day, Inc., 552 F.3d 1137 (9th Cir. 2009) (despite Taco Bell’s full disclosure of prior exposure to Psycho Chihuahua and contract indemnification, agency not liable for infringement).


Ms. McKnew is a shareholder in the law firm of Smith Moore Leatherwood LLP, and served as Managing Director of its predecessor Leatherwood Walker Todd & Mann, P.C. from January 1995 through December 2000. She received her B.A. degree in 1971 from the University of California at Santa Barbara, her M.A. degree in 1973 from the University of California at Los Angeles, and her J.D. degree in 1978 from Northeastern University. Tami joined Leatherwood in 1978 and concentrates her practice in the areas of franchising, antitrust and unfair trade practice law, intellectual property and complex litigation. She has been a member of the ABA Section on Antitrust since 1979 and a member of the ABA Forum on Franchising since 1980. Her previous presentations at the Annual Forum on Franchising include the 2008 Annual Franchise and Distribution Law Update. More recent publications include articles on internet trademark use in Landslide, The Journal of Internet Law and Business Law Today. Her current Board memberships include Attorney Liability Protection Society RRG (ALPS); the South Carolina Chapter of the Nature Conservancy; the United Way of Greenville County; The Priester Foundation; and the Advisory Board of Clement’s Kindness for Children. She has one daughter, Bronwyn Kelson, who prosecutes bad guys in Sumter, SC. She loves to cook, read, and she skis badly but gamely.
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As Chair of Schiff Hardin’s LGBT Diversity Subcommittee, Mr. Tillack works with the firm’s senior and practice group management, as well as the firm’s diversity, recruiting, and professional personnel committees to coordinate Schiff Hardin’s approach to LGBT professional development issues, staffing and work issues.


His many speeches and presentations include: “Out and Up? Or ‘Back in the Closet’ as we Advance Professionally?” (Moderator), Fourth Annual At the Forefront of Diversity Conference (January 26, 2011) and “Catch Me If You Can: Protection of Trademarks and Domain Names from Infringement and Cybersquatting,” American Bar Association 26th Annual Forum on Franchising (October 22-24, 2003).

Mr. Tillack is recognized as a Leading Lawyer in Franchise & Dealership Law; Intellectual Property Law by the Illinois Leading Lawyers Network.

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